

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Monday April 14 1986

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Agria	Sch 20	Belgium	10 2500	Portugal	Esc 200
Algeria	10 000	Denmark	1500	S. Africa	Rand 100
Argentina	10 000	France	100	Spain	100
Australia	10 000	Germany	100	Switzerland	100
Canada	10 000	Italy	100	Taiwan	100
Chad	10 000	Japan	100	Thailand	100
Cuba	10 000	South Korea	100	USSR	100
Czech Rep.	10 000	Malaysia	100	Yemen	100
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Egypt	10 000	Poland	100		
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Greece	10 000	Switzerland	100		
Hong Kong	10 000	Taiwan	100		
India	10 000	Thailand	100		
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		USA	100		

World news Business summary

Mandela predicts end of white rule

Black nationalist leader Winnie Mandela said South Africa's black majority would free itself from white rule this year and hinted that violence might be used to achieve it.

Mandela, on a speaking tour of three black townships near Johannesburg, told a cheering crowd: "We have reached a very serious stage in our struggle. The time for speeches and debate has come to an end."

"Together, hand-in-hand with our strikes of matches, with our neckties, we shall liberate this country." The neckties is the name for a gruesome method of killing with burning tyres.

Israeli crisis leads to party showdown

The Israeli Cabinet was due to meet last night for what was expected to be a final showdown in the protracted political crisis.

The Likud Party's determination to finish Finance Minister Mr Yitzhak Mordechai from his post for the remaining 2 1/2 years of the National Unity Government's life has emerged as the chief barrier to a settlement.

Zia warns Bhutto

Supporters of Pakistan opposition leader Benazir Bhutto planned their third mass rally in four days despite a warning from President Mohammed Zia ul-Haq not to push the campaign for new elections too far.

Three die in Punjab

Three people were killed in continued Punjab violence as militants urged India's 14m Sikhs to take up arms in their struggle against the Government of Prime Minister Rajiv Gandhi.

Seaman on strike

West German merchant seamen began an indefinite strike for better pay and conditions in the first stoppage by German sailors for 80 years.

Pope at synagogue

The Pope paid a 90-minute visit to the Synagogue of Rome, the first time a leader of the Roman Catholic Church has done so.

Pro-Marcos rally

Several thousand supporters of ousted President Ferdinand Marcos held a protest demonstration in Manila against the Government of Corason Aquino.

Amy major jailed

Kuwait's state security court jailed army major Abdul Rahim Mohammed Fakro for 10 years for inciting the overthrow of the Government.

Centrists win seats

The centrist Umma party of former prime minister Saadeq al-Mubalal took two of the first three seats declared as ballots were counted after Sudan's first multi-party elections in 18 years.

Afghan rebels killed

Afghanistan said its troops had killed 700 Moslem rebels in an offensive along the Pakistan border. Peshawar-based guerrillas said the death toll was around 100.

Gulf attack claimed

Iraqi aircraft hit two "large naval targets" off the Iranian coast in the Gulf, a military communique said.

Kidnap baffles police

Irish police said they were concerned and baffled by the continued silence of a kidnap gang that seized a Dublin banker's family linked to the Guinness brewing family six days ago.

Wheelchair trek

Two handicapped Britons began a 2,000-mile (3,200 km) wheelchair journey from Turkey to Birmingham to support the British city's bid to host the 1992 Olympic Games.

US claims Libya plans dozens of terrorist attacks

BY STEWART FLEMING IN WASHINGTON AND TONY WALKER IN TRIPOLI

THE US has evidence that Colonel Muammar Gaddafi, Libya's leader, is planning "dozens" of further terrorist attacks around the world, Mr John Whitehead, the Deputy Secretary of State, said yesterday.

If the US was to back away from the moves it is making to take military action against Libya it would have to believe that Col Gaddafi "has changed his conduct."

Mr Whitehead said the Libyan leader had "to stop training terrorists, financing terrorists, supplying them with arms and supplying them with documents. As soon as he stops those actions we would certainly back away."

Interviewed on US television as the Sixth Fleet massed off the Libyan coast, Mr Whitehead added: "The prospect of military action is something only the President can decide on. He has not yet made that decision. It is one of his options."

According to Mr Whitehead, there was "very considerable evidence" to indicate Libyan involvement in the recent bombing of a West Berlin nightclub frequented by US soldiers.

He compared Col Gaddafi to Adolf Hitler, saying that in the 1930s the German leader had been considered as "that funny little man with a moustache." But in the end he could only be removed from power by a world war. "We see some parallels with Gaddafi... the time to correct the situation is now rather than later," added Mr Whitehead.

The Administration has been divided about whether or not to retaliate militarily against Libya, with some officials arguing that such action would only make Col Gaddafi more influential.

But there is a widespread perception in Washington that having banked in the past at a military response to terrorism, those who favoured such action were now gaining the upper hand.

In Tripoli, Col Gaddafi responded to the US threat by hinting that thousands of foreign nationals living in Libya could be at risk if the

Chirac prepares FFr 10bn cut in spending

By David Marsh in Paris

MR JACQUES CHIRAC, the French Prime Minister, yesterday gathered together his new Government to work out FFr 10bn (\$1.3bn) of spending cuts in the 1986 budget as financial markets prepared for lower French interest rates this week.

Mr Chirac met 24 Ministers to prepare the way for a supplementary budget due to be adopted at a full Cabinet session on Wednesday.

The Government's efforts to cut the budget deficit have been complicated by additional spending measures already promised by ministers, as well as by plans to ease the tax burden on companies and high-income earners.

The measures are also likely to include a plan to curb youth unemployment by lowering social charges on companies that recruit young people. This could cut government revenue by up to FFr 500 million, depending on the final details of the plan.

Although Mr Francois Guillaume, the Agriculture Minister, last week promised farmers several billion francs in tax breaks to boost agricultural incomes, Mr Alain Madec, the Industry Minister, is leading efforts to find spending cuts through phasing out some grants to industry.

Other suggestions for spending reductions are likely to include large job cuts among civil servants - whose numbers are already planned to drop by 4,500 this year - as well as cuts in public works programmes and trimming of peripheral government agencies.

Yesterday's meeting allowed the Chirac Government to work out a broad strategy for the reworked 1986 budget without the presence of President Francois Mitterrand, who presides over the Wednesday Cabinet sessions at the Elysee palace.

Mr Edouard Balladur, the Finance Minister, told journalists after the meeting that expenditure cuts would be made "as planned" and that new spending measures would be moderate.

The 1986 budget deficit was forecast by the outgoing Socialist Government at FFr 145bn this year. But the right-wing administration charges that the true deficit is heading for a figure nearer FFr 200bn because of extra state spending and reduced income in parts of the state's accounts taken out of budget calculations.

Lawson forecast of higher yen annoys Tokyo

BY PHILIP STEPHENS IN LONDON



Mr Nigel Lawson

JAPAN has reacted angrily to comments last week in Washington by Mr Nigel Lawson, Britain's Chancellor of the Exchequer, which pushed up the value of the yen on foreign exchange markets.

The Japanese Government considers that Mr Lawson, who told journalists that leading industrial nations were expecting a further rise in the yen, flouted the informal conventions between governments covering public statements on exchange rates.

It is also believed in Washington that Mr Lawson's apparently off-the-cuff statement at a press briefing during a meeting of the International Monetary Fund was co-ordinated in advance with Mr James Baker, the US Treasury Secretary. The explicit aim was to trigger a rise in the yen on the foreign exchange markets.

Mr Lawson said on Thursday that all the main industrial countries with the exception of Japan expected the yen to rise further and that it would be "surprising" if that did not happen. The markets reacted instantly, pushing the Japanese currency higher. It closed in New York on Thursday at Y177.25 per dollar against Y180.05 a day earlier.

The Tokyo Government is annoyed because it says that there is an understanding between finance ministers of the Group of Five leading industrial nations (the US, Japan, West Germany, France and Britain) that public comments on exchange rates by individual ministers should be restricted to their own currency. Mr Lawson's remarks were not specifically directed at the sterling/yen rate but also at the Japanese currency's value against the dollar.

The day before the statement, Mr Lawson had held bilateral talks with Mr Baker, where the US Secretary had in turn expressed anger at comments made by Mr Noboru Takeshita, the Japanese Finance Minister.

After an earlier meeting with Mr Baker, Mr Takeshita said that Japan and the US agreed on the need for stability in the dollar/yen rate. That was interpreted by the markets as indicating that they believed the current rate was satisfactory after the year's 25 per cent appreciation since last September.

The Japanese delegation to the IMF insisted, however, that Mr Takeshita was referring to the common view that it was important to counter market volatility and that he did not refer to any particular level as appropriate for the Japanese currency.

The Tokyo Government says that

EEC seeks joint stance in emergency talks

BY ROBERT MAUTHNER IN LONDON AND QUENTIN PEEL IN BRUSSELS

FOREIGN MINISTERS of the European Community will meet today in The Hague for emergency talks aimed at working out a joint European position on the US threat of a military strike against Libya in retaliation for recent terrorist attacks against American targets.

The hastily arranged meeting, called at the request of Italy and Spain, will be held following a lightning tour of Western European capitals by Gen Vernon Walters, the US Ambassador to the United Nations, during which several government leaders urged the US to act with restraint.

The consensus in the EEC is clearly on the side of caution and the prevention of any further escalation of tension in the Mediterranean region. At the same time there is widespread sympathy in Western Europe for American anger at the recent terrorist attacks against a TWA airliner over Greece and a West Berlin discotheque.

The dilemma facing the ministers is that while they want to restrain President Ronald Reagan from any military action which, in their opinion, would result only in further acts of terrorism throughout the world, they have no substantial alternative to offer.

At the last political co-operation meeting of the 12 foreign ministers in January when President Reagan was seeking support for economic sanctions against Col Gaddafi, the Libyan leader, after the terrorist bombings at Rome and Vienna airports their joint statement failed even to mention Libya in an otherwise strong condemnation of terrorism.

All that was decided on that occasion was that the member countries should impose an arms embargo on any country implicated in supporting terrorism and to do nothing which would undermine US sanctions against Libya.

However, EEC diplomats recognise that if the US is to be deterred from taking drastic military steps

US tourists stick to own roads

BY TERRY DOOSWORTH IN NEW YORK

WARDENS at Yellowstone Park, the jewel of the US national park system, are preparing for a bumper tourist year. More than 2,000 miles away in Alaska, the airlines are gearing up for a similar flood of visitors with a 60 per cent increase in capacity.

About 8,000 miles to the west, Hawaiian tour agents are also talking about a bumper year. And back in New York City, people who have not already made their hotel bookings for the July 4 centenary for the Statue of Liberty, might as well forget about it. Every hotel room, say the agencies, is already taken up.

The US surge to domestic travel is one result of the wave of terrorism during the past 12 months. Every rattle of the sabre in President Reagan's shadow war with Libya's Colonel Gaddafi has made the cash registers ring a little more loudly in some US resorts.

To add a touch of irony under an Administration that has rarely tired in its attacks on the Communist bloc, terrorism has also brought a bound of interest in travel to Eastern Europe. Pan Am will re-launch flights to the Soviet Union at the end of this week and is putting on a new service to Poland. Police states, as one worried traveller remarked, tend to be safe for tourists, whatever President Reagan says about the virtues of democracy.

Hesitations about travelling to some parts of Europe and the Mid-

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OVERSEAS NEWS

Rebel Philippines MPs stage a challenge to Aquino

BY SAMUEL SENOREN IN MANILA

THE GOVERNMENT of President Corason Aquino of the Philippines faces a major challenge today when about 100 of the 183 elected Members of the Parliament which she abolished last month resume sessions in defiance of her authority. Their move could eventually lead to the establishment of a rebel government.

The dissident MPs, contending that Mrs Aquino had no power to abolish Parliament because its members were directly elected by the people in 1984, plan to install Mr Arturo Tolentino, the vice-presidential running-mate of ousted President Ferdinand Marcos, as Acting President.

Mr Marcos and Mr Tolentino were declared by the Parliament winners of the presidential poll in February in what Mrs Aquino said was a false proclamation.

Mrs Aquino, who was swept to power by the armed forces which revolted against Mr Marcos shortly after the election, said the session would be allowed to take place as part of the freedom of speech. This is despite warnings from some of her advisers that she should deal with the issue more firmly.

The rebel parliament could spark a direct confrontation between Mrs Aquino's Government and supporters of Mr Marcos who have regrouped in an attempt to topple Mrs Aquino.

Yesterday, several thousand supporters of Mr Marcos gathered in a park a few miles from Mrs Aquino's palace to proclaim Mr Tolentino duly elected Vice President.

Mr Tolentino, 73, who was absent during Mr Marcos's oath-taking on February 25 at the presidential palace, accepted the proclamation.

W. German farmers join protest

By Peter Bruce in Bonn

MORE THAN 50,000 West German farmers joined nationwide demonstrations at the weekend, calling for changes in the European Community's agricultural policies and in an attempt to press the Bonn Government to make extra national aids available to the industry.

Summering dissatisfaction over income among West Germany's farmers has boiled over since the devaluation of the French franc a week ago, which is likely to ensure higher incomes for French farmers.

German farmers carried banners saying, among other things "Rather be honourably dispossessed under socialism than be ground to nothing under capitalism."

Their anger has concerned Chancellor Helmut Kohl's Government, which faces an important state election in Lower Saxony in the summer and a general election next January.

Stockman sees no hope for Reagan policy

BY STEWART FLEMING IN WASHINGTON

MR DAVID STOCKMAN, the former Reagan Administration Budget Director and an architect of the President's supply side economic policies in 1981, says in a book to be published this month that the Reagan revolutionary social and economic policy was doomed to failure from the outset.

He maintains that his own, naive optimism about the possibility of securing dramatic cuts in government spend-

ing in Congress, the slimy grasp which the President and most of his top aides had of the economic policy issues they were grappling with, and the fact that Mr Reagan was too much of a consensus politician to push aggressively for radical changes in government policy, all contributed to the failure.

Assessing the implications of the \$290bn federal budget deficit for which he accepts partial responsibility, Mr

Stockman warns that "if we stay the course we are now on, the decade will end with worse hyperinflation than the one with which it began."

Mr Stockman criticises Mr Reagan's refusal to raise taxes to help resolve the deficit issue, but says that when the President is ultimately faced with choice of increasing taxes or rampant inflation he will choose the former.

The scathing critiques of his former administration col-

leagues, including White House chief of staff Donald Regan and the advisers Mr Reagan brought with him from California, are already making headlines. Excerpts from his book, "The Triumph of Politics: Why the Reagan Revolution Failed" appear in the current issue of Newsweek magazine.

President Reagan is described as "an incurable optimist... whose knowledge is primarily impressionistic."

he registers anecdotes rather than concepts." Mr Stockman paints Mr Reagan as a man who "operated on the 'echo principle'." Whatever the President insisted on he would try to get.

Of the top Californian aides, Mr Michael Deaver, Mr Ed Meese and Mr Lynn Nofziger, he says: "They were illiterate when it came to the essential equation of policy." Only Mr Meese remains within the Administration.

Extremists urge Sikhs to take up arms

BY K. K. SHARMA IN AMRITSAR

SIXTH extremists in the Indian state of Punjab made their first open call yesterday for an armed struggle for the formation of "Khalistan," an independent Sikh homeland.

The call was made at a supreme religious congregation inside the Golden Temple, the Sikhs' holiest shrine in Amritsar which has been under the extremists' control since January.

Although they are known to have been fighting for an independent state, they have never

said so openly, nor have they asked all Sikhs to take up arms in the forthright manner in which they did yesterday.

The open demand for "Khalistan" comes at a critical time. Terrorist activity has increased forcing the moderate Akali party state government, led by Mr Surjit Singh Barnala to step up action by the security forces. A tough new police chief has announced a "bullet-for-bullet" strategy which has had some success as a number of terrorists have been killed or

captured in the past fortnight. However, the killing of innocent Sikhs and Hindus by the militants continues.

Yesterday's congregation was attended by about 5,000 Sikhs which is considered a poor attendance, particularly as it was timed to coincide with the festival marking the harvesting of the winter crop. Usually, hundreds of thousands attend the Golden Temple on this day but the shrine was virtually deserted yesterday.

This was partly because of tension in Amritsar and the intensive security measures taken in the city. The streets were full of armed paramilitary forces who also watched the congregation from nearby rooftops. Hundreds of reinforcements have now surrounded the temple.

Present at the congregation were scores of wanted terrorists, many of whom carried guns. Those were displayed for the first time since the militants first seized the Golden Temple.

Chile debt of £2.6bn rescheduled

By Alexander Nicoll

CHILE'S COMMERCIAL bank creditors signed agreements on Friday rescheduling \$2.6bn (£1.7bn) of debt principal repayments falling due between the beginning of 1985 and the end of next year.

The accords cover four borrowers and more than half of the \$4.8bn (£3.2bn) which will be stretched out under the country's multi-year rescheduling agreement which has been under negotiation since early last year. Lenders of the remaining debt falling due over the three-year period are due to sign over the next few weeks.

This will ensure that Chile continues to receive funds under loans totalling \$1.1bn signed last November, including a pioneering World Bank guarantee for part of the amount, to cover the country's financing needs for 1985 and 1986.

Chile, like other large debtors, is seeing its payments position improve with the sharp falls in interest rates and oil prices, and with some recovery in the prices of key export commodities such as copper. The domestic economy returned to growth in the second half of 1985.

The terms of the rescheduling accord stretch out repayments for 19 years.

Zia rebuffs Benazir's demand for elections

BY JOHN ELLIOTT IN ISLAMABAD

BENAZIR BHUTTO'S campaign to force the Pakistan Government to hold immediate elections was firmly rebuffed over the weekend by President Zia ul-Haq and Mr Mohammad Junejo, the Prime Minister. Both said there could be no polls until the scheduled date of 1990.

But Miss Bhutto warned that she would have to reconsider her campaign of peaceful processions and demonstrations if polls were not announced by the start next month of the annual Moslem festival of Ramadan which will put a one-month brake on political campaigning from about May 20.

In an interview three days after her return to Pakistan, she also accused President Zia, who executed her father in

1979, of setting up a "special commando cell" to assassinate her. She believes that a Friday night attack by a young retired army major on a house she had been using in Lahore was part of this.

Police rejected Miss Bhutto's claims about the intentions of the major who is believed to have been recommended for psychiatric care after he had been refused entry to the UK last month when he was carrying her photograph.

Meanwhile, Miss Bhutto is continuing to draw large crowds on her series of meetings across the northern province of Punjab. She arrived at 3 am on Sunday instead of 3 o'clock the previous afternoon in the town of Gujranwala, 50 miles from Lahore, because of the crowds on the route. The

town was still awake and she delivered a one hour speech before returning to Lahore.

Government ministers, backed by a wide body of public opinion, believe, however, that her campaign could fade out unless it is stepped up with violence or other demonstrations.

Miss Bhutto will consider some form of escalation within a few weeks. "We want a date from Mr Junejo for elections based on political parties before Ramadan. If we don't get it, we will have to rethink our strategy."

However, Mr Junejo was adamant over the weekend that

"there can be no general elections in the country till four years have elapsed." Miss Bhutto's Pakistan People's Party and others which told their members to boycott last year's elections because party organisation was not allowed would have to wait until then.

President Zia, the main target of Miss Bhutto's attacks, has criticised the processions and meetings she is conducting as "time consuming and generating more heat than light."

He was "not conducive to the promotion of democracy," he said, indicating a line of attack the Government might build up in the next few weeks.


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April, 1986

Argentina draws on \$4.2bn loan

By Peter Montagna

ARGENTINA is this week to receive a further \$600m (\$410m) from its commercial bank creditors, the third instalment of a \$4.2bn (\$2.8bn) credit arranged last year.

Resumption of drawing on the loan follows Argentina's recent agreement with the International Monetary Fund on targets for the final period of its existing economic adjustment programme.

A statement issued by Citibank over the weekend said an Argentine delegation was due to meet next week with its 11-bank committee of leading creditors, but it is not clear whether the talks will mark the start of discussions on a fresh financing arrangement for 1986.

The Argentine Congress still has to pass this year's budget and the Government of President Raul Alfonsín still has to fix a figure for the country's external financing requirements.

Still available to be drawn later is the \$800m portion of last year's bank credit.

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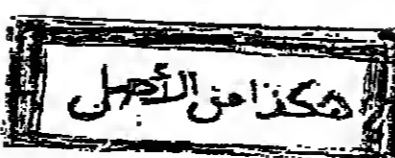
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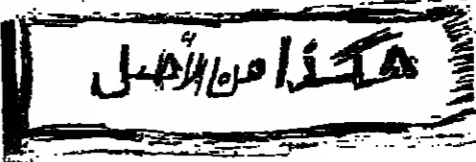
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Rebel All Blacks to tour S. Africa

By Dal Hayward in Wellington
SPECULATION about a rebel rugby tour of South Africa by New Zealand All Blacks players has been confirmed with the admission by Mr Colin Meads, former All Black and New Zealand selector, that he will coach 30 rebel players in a 12-match tour starting a week on Wednesday.

Mr Meads flew to South Africa at the weekend with former team mate and All Black captain, Mr Ian Kirkpatrick, who will manage the team.

Most of the big names in All Black rugby of last year are included in the squad. Some players have already left; others will go in the next few days.

Foreign diplomats appear uneasy about the basis in the Mediterranean than the large foreign press corps returning on Wednesday.

Both Mr Genscher and West German Chancellor Helmut Kohl were briefed yesterday on the oil industry, its third largest oil supplier.

Common line sought
FRENCH PRESIDENT Francois Mitterrand, after initial hesitations, now appears to have agreed that terrorism should be on the agenda of the renovation industrialised country summit in Tokyo next month.

Gadafi warned
MR CHIRAC warned Col Gadafi on Saturday that if "terrorism and irresponsibility" exceeded certain limits, reprisals would be necessary, writes Peter Blackburn from Abidjan.

Attack resisted
THE WEST GERMAN Government is likely to try this week to head off any plans, should they exist, for a US attack on Libyan targets, reports Peter Bruce from Bonn.

Turks probe begins
A public inquiry is due to begin this week in the Turks and Caicos Islands, a British Caribbean dependent territory, into the circumstances surrounding the arson of public buildings and alleged corruption in the administration, writes Robert Graham.

Uneasy calm in Libya as foreigners decide to stay on

BY TONY WALKER IN TRIPOLI

WHILE DIPLOMATIC moves and military strategy sessions dominate the news in Europe and America, in Libya itself there is little obvious sign of a country on the brink of being attacked by the world's most powerful nation.

But beneath the surface of everyday life which is proceeding more or less as normal, there is among Libyan officials and members of the somewhat beleaguered diplomatic community, a foreboding. Reporters who have interviewed Col Muammar Gadhafi in the past several days say that his mood has been grim and his statements less flamboyant than usual.

Ordinary Libyans appear bemused by developments. If America attacks we will strike back," said a driver who had no clear idea of what form a counter-attack might take.

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JAMES ABRA (57), a British subject who was sentenced at the weekend to life imprisonment on charges of spying, is appealing against his sentence, reports Tony Walker.

A British consulate official said that, under Libyan law, appeal papers had to be signed within 48 hours of sentencing.

Mr Abra, an electronics engineer working for Plessey, the telecommunications company, was arrested on June 28, 1985 as he left the country.

Two other Britons are serving jail terms in Libya. Michael King was apprehended in 1984 while allegedly in possession of three grams of hashish and sentenced to five years' imprisonment.

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convicted of crimes in Libya, and serving long jail sentences. Long-term residents note that on this occasion, unlike previous moments of tension between Libya and the US this year, there is little public demonstration of defiance beyond statements issued by Col Gadafi himself.

Under Libya's legal system his case will now go to the Appeal Court which will decide if there has been a miscarriage of justice.

Two other Britons are serving jail terms in Libya. Michael King was apprehended in 1984 while allegedly in possession of three grams of hashish and sentenced to five years' imprisonment.

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US hopes rise for navy visit to China

By Robert Thomson in Peking
THE sensitive issue of a port call in China by US warships has resurfaced in the wake of comments by a senior US naval officer that agreement on a visit by British warships to Shanghai is a "hopeful sign" for an American call.

A US warship visit, the first since Communist rule began in 1949, was scheduled for last May but ran aground after the Chinese said they had a guarantee that the vessel would not carry nuclear weapons.

Two British warships are expected to visit in July, and diplomats suspect that the Chinese will simply presume that the Royal Navy vessels will not be carrying nuclear arms, without asking for verification.

Admiral James Watkins, the US Chief of Naval Operations, who is on a nine-day visit to China, said at the weekend that the British agreement gave reason for the US to be hopeful, though he admitted that the matter has not yet been raised during his tour.

During a visit here just over a week ago, Mr Norman Lamont, the British Minister of State for Defence Procurement, said that the Chinese "understand our position, we understand their position" and the Royal Navy visit is "going ahead".

US officials see a port call as a significant symbol of its growing military relationship with China, a relationship which Peking is careful in handling, as it repeatedly says that it has an "independent" foreign policy and likes to keep the two superpowers at arm's length.

However, US sales of military equipment to China are expanding. The Reagan Administration formally informed Congress last week of plans to sell \$550m in equipment to refurbish Chinese F-8 fighters.

Europeans take cautious view of US military action

THE ITALIAN Government expressed alarm at the weekend that a military conflict between the US and Libya could spread to its shores, writes Alan Friedman in Milan.

Foreign diplomats appear uneasy about the basis in the Mediterranean than the large foreign press corps returning on Wednesday.

Both Mr Genscher and West German Chancellor Helmut Kohl were briefed yesterday on the oil industry, its third largest oil supplier.

Common line sought
FRENCH PRESIDENT Francois Mitterrand, after initial hesitations, now appears to have agreed that terrorism should be on the agenda of the renovation industrialised country summit in Tokyo next month.

Gadafi warned
MR CHIRAC warned Col Gadafi on Saturday that if "terrorism and irresponsibility" exceeded certain limits, reprisals would be necessary, writes Peter Blackburn from Abidjan.

Attack resisted
THE WEST GERMAN Government is likely to try this week to head off any plans, should they exist, for a US attack on Libyan targets, reports Peter Bruce from Bonn.

Turks probe begins
A public inquiry is due to begin this week in the Turks and Caicos Islands, a British Caribbean dependent territory, into the circumstances surrounding the arson of public buildings and alleged corruption in the administration, writes Robert Graham.

most observers believe it was an attempt to placate the US. Bonn even remains opposed to the use of economic sanctions against Libya, its third largest oil supplier.

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French officials said yesterday that Mr Jean-Bernard Raimand, the Foreign Minister, might eventually visit the Iranian capital if necessary to improve the climate with Tebran.

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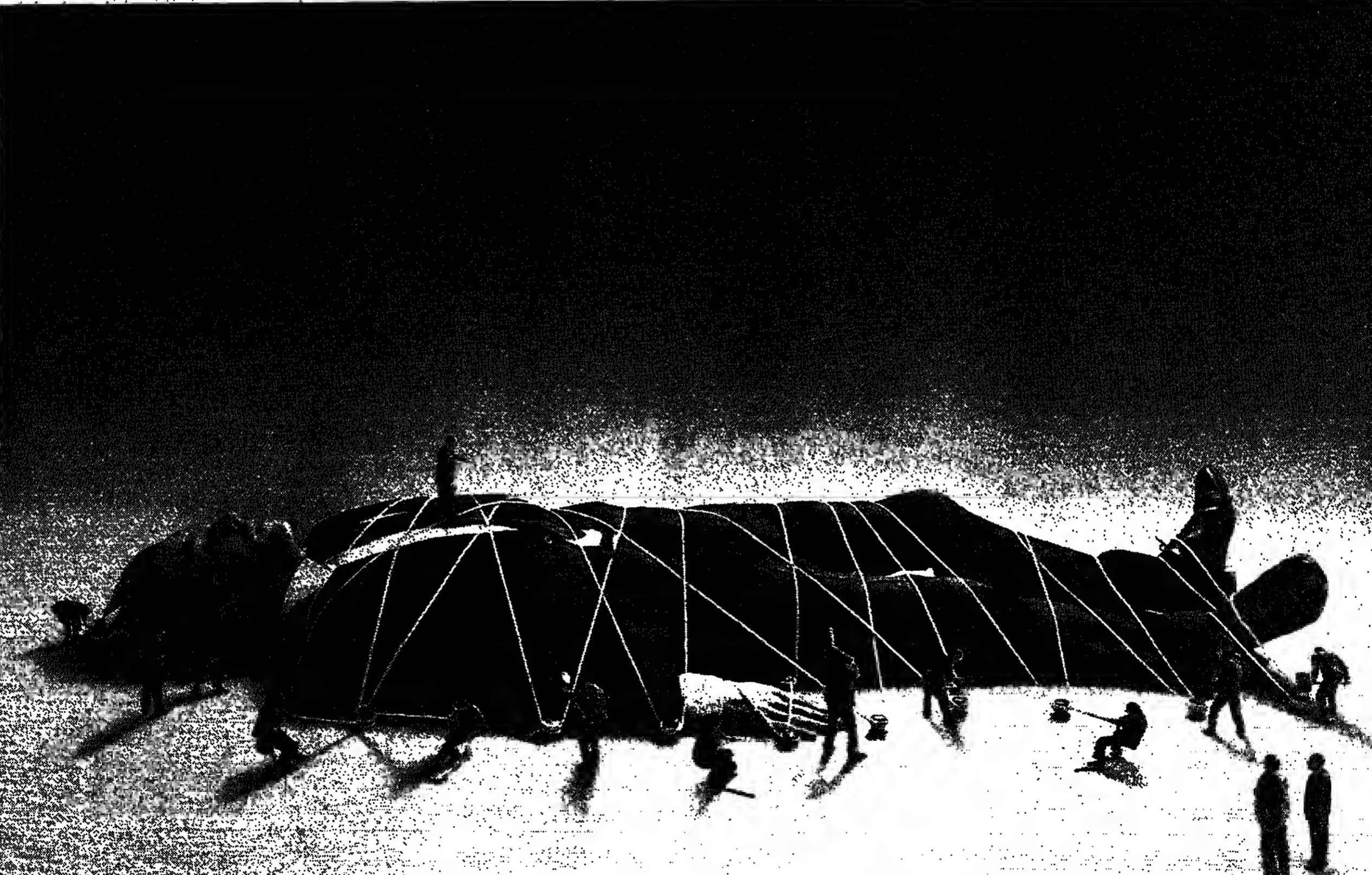
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In 1985, British industry found itself under more pressure than ever before - from red tape, bureaucracy and restrictions.

WORLD TRADE NEWS

Hazel Duffy on how Polymark is promoting export hopes of other British companies

UK laundry group opens door to Poland

MR MACIEJ ZBIKOWSKI, director of the Polish branch of Polymark International, British-based laundry equipment and engineering group, has just returned to Warsaw with the hopes of several British companies in his briefcase. Some of these companies—including one large electronics group—have been trying to sell into Poland for years. Polymark, with Mr Zbikowski at the helm, has succeeded in opening the door to Poland for many companies—British, Danish and American. Initially these were in similar activities to Polymark's own, but increasingly Polymark has been acting as agent and distributor for companies in unrelated sectors. Polymark went to Poland seven years ago to negotiate a contract to sell laundry systems to the Polish militing industry. It did not get the

contract—by the time its office in Warsaw opened in 1981, Poland had collapsed politically and economically, and the office had just four employees. Today, it employs 82 Polish nationals and is the biggest of 122 EEC companies operating in the country. It expects to gain £1.25m sales this year, on which it will make a respectable profit remitted in hard currency, and aims confidently to boost that figure to between £5m and £10m in the next five years. How has Polymark succeeded? First, it stuck it out in 1981 although the initial instinct, says Mr Mervyn Davies, managing director of Polymark Laundry Systems, was "to cut and run." Secondly, "and I have never really understood why," he adds, Polymark was from the outset granted

a precious representational licence. This meant that it could import not only spare parts from its own company, but also from others. Gradually, Polymark's representation extended outside the laundry business, and its Warsaw office now acts as selling and servicing agents for companies such as Carrier, Honeywell, Prestcold, Spirax Sarco in the UK, Herion in the US, Kärcher and Klückner/Müller in Germany, and FAG, Danfoss and Fe-Ro-Tex. Polymark's Polish branch sells the components and spares for hard currency to the official agencies and to end users. End-user business has become much easier in the past couple of years with the expansion of small enterprises and a change in the law which permits them to keep part of their revenues

in hard currency. Local costs, including the salaries of engineers and six salesmen, are paid in zloty. The engineers, all of whom speak English or German, are trained by the companies which Polymark represents. Polymark has not had to engage in bartering, although Mr Davies says he is being warned constantly by the Polish authorities that he should prepare for such an eventuality. His sensitivity to Poland's needs suggest he knows the value of "offset." For example, he is building up an export business for the branch, which includes not only selling wooden combs to the Germans but also, literally, taking in their dirty washing: laundering it in Poland, and returning it to Germany. The message seems to be that, once in the market and trusted

by the authorities, the opportunities will follow. Polymark's big breakthrough came three years ago with a contract from Orbis, the state tourist authority, to service all electrical and mechanical equipment other than lifts, in 30 first-class hotels. But how does a company go about getting a foothold? A Polish national who understands Western business is essential, says Mr Davies. He advises against the route frequently favoured by companies wanting to export to the eastern bloc, which is to use agencies based in Vienna, because such agencies are very expensive. This is reflected in the prices they quote in Poland which can be 40 per cent higher than in their own market. "The Polish are far more alert to prices now, and much more discerning about quality," he warns.

Australian casino plan attracts bid of A\$600m

AN AUSTRALIAN-American joint venture has announced a bid to build the world's biggest gambling casino in Sydney for an estimated A\$600m (\$420m). Reuter reports from Sydney. Australia's Bookers Corporation and Harrah, the US gaming organisation, promised to build "the most exciting casino in the world." However, a representative for the venture refused to give details of plans to build Sydney's first legal casino, at Darling Harbour. Four other bids have already been lodged in the tender, which closes on April 30. The New South Wales government has stipulated that the proposed casino should have at least 500 rooms, 300 gambling tables and 1,500 video games. The state, which wants the casino to open by 1988, is expected to announce the successful bidder by the end of June.

Turkish textiles industry and EEC agree quotas deal

BY MAGGIE FORD IN BRUSSELS

AN agreement reached on Friday between the European Commission and Turkish industry representatives over textile imports could ease the way for a resumption of normal relations between the EEC and Ankara. The agreement on 12 categories of textile imports followed an earlier set of successful negotiations in December and was reached with Turkish officials present. Mr Willy de Clercq, the EEC External Relations Commissioner, said he hoped that the agreement would enable the two sides to avoid future difficulties in their relationship over the sensitive textiles issue and that it would receive the full backing of the Turkish Government.

Relations between the EEC and Turkey have been severely strained because of Turkey's human rights record under its former military government, but last month the Commission proposed a series of measures which could lead to a gradual thaw. Turkey is the EEC's largest supplier of textiles. Friday's agreement, which covers 1986 to 1988, follows a series of acrimonious negotiations last year. Under it, import levels of T-shirts, pullovers, trousers, blouses, shirts, bedlinen and other outer garments have been determined on a Community-wide basis. Import levels for socks, underwear, dresses, table linen and trackuits have been agreed on a regional level. They take account of the import penetration achieved by Turkey and allow a reasonable level of growth in Turkey's exports to the Community, the Commission said. The new arrangements complete the agreement negotiated in December, which covered imports of cotton yarn, cotton cloth, towelling, acrylic fibres and velvet, for the year 1986 to 1987. The most difficult issue facing EEC negotiators, who are to meet Turkish officials later in the year for talks on the long-term association agreement, involves the free movement of immigrant workers. Under Turkey's Agreement, free movement is supposed to come into force on December 1, and a common EEC negotiating position will be difficult to reach. More than 1.5m of the 1.9m Turkish workers in the EEC are based in West Germany.

Soviet Union increases aid for Cuba in five-year deals

CUBA AND the Soviet Union have signed a series of trade agreements which will substantially increase Soviet aid to the island over the next five years, the official Cuban daily Granma said at the weekend. Reuter reports from Havana. The four trade and economic co-operation agreements were signed in Havana by Mr Ivan

Archipov, Soviet Deputy Prime Minister, and Mr Carlos Rafael Rodriguez, Cuban vice president with responsibility for foreign affairs, at the end of four days of negotiations. Mr Rodriguez told the state-run Cuban news agency Prensa Latina that together they provide for 2.5bn roubles (£2.06bn) of new Soviet credits

to Cuba between 1986 and 1990. Granma said this represented a 50 per cent increase in Soviet credit to Cuba over the last five-year period. The Soviet Union accounts for two-thirds of Cuba's external trade and provides the country with a massive flow of economic aid, estimated by Western diplomats at about \$1bn a year.

Granma said the agreements provide for Soviet aid in several areas of the economy including electricity generation, petroleum, machinery construction, the electrical, chemical, metallurgical and pharmaceutical industries, sugar, transport and agriculture. The latest economic agreements with the Soviet Union

were crucial since Cuba faces a severe shortage of hard currency this year because of a poor sugar harvest and the slump in world oil prices. The Soviet Union buys most of Cuba's sugar outputs at preferential prices and supplies the country with oil, including a margin which is re-exported for hard currency.

Volvo in Belgian deal

Volvo of Sweden has won a BFr 3.5bn (£50.7m) contract to supply the Belgian armed forces with 1,228 Volvo N-10 heavy vehicles. Reuter reports from Brussels.

UK clothes trade deficit blamed on export failings

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

BRITAIN'S trade deficit on textiles and clothing is due to its inability to export competitively to other EEC countries, rather than to any surge of imports, according to a report about to be presented by the Hong Kong Government.

of demand would be low, according to the colony. As a first step towards liberalising the MFA the UK should consider restoring the cut-backs enforced in those years and reverting to the original aims of the MFA which envisaged considerable growth from the low-cost producers into Europe.

Hong Kong, whose share of the UK market in these products has fallen to under 10 per cent from an average of 18 per cent over the years 1974-77, maintains that the cuts forced on it by the Multi-Fibre Arrangement (MFA) have not benefited other low-cost producers. "Hong Kong's lost share has been taken by EEC suppliers," it says.

The textile and clothing industry is not, however, taking advantage of higher productivity, rising production, increased consumer demand and better profitability, says the report. Exports continue to lag well behind imports with the level of exports barely more than half the import level, even in trade with the EEC.

The MFA, introduced in 1974, is the world's second largest trade barrier. It restricts a large part of trade in textiles and clothing. It ends this July and its extension is the subject of detailed talks. The provisions of the MFA, especially in 1978 and 1983, which squeezed Hong Kong's access to the UK, are based on the false premise that growth

The textile and clothing industry is not, however, taking advantage of higher productivity, rising production, increased consumer demand and better profitability, says the report. Exports continue to lag well behind imports with the level of exports barely more than half the import level, even in trade with the EEC.

Egypt development bank arranges credit lines

BY TONY WALKER IN CAIRO

THE EXPORT Development Bank of Egypt (EDBE), has opened credit lines with several foreign banks. It signed facilities for FFr 75m (£8.9m) with Credit Commercial de France and FFr 50m with Credit International et Commerciale. Both deals are backed by Copace, the French export credit insurance agency.

services from France and West Germany. The bank, which is advised by Samuel Montagu merchant bank of the UK, was established last year, at the urging of the World Bank, to encourage Egyptian exports.

The EDBE has also opened a credit line with Berliner Bank for DM 20m (£3.8m), guaranteed by Hermes, the West German agency.

Meanwhile, UGL, part of the Hanson Trust of the UK, has won a £3.2m contract to supply 150,000 gas meters to be installed in Cairo. The contract was awarded by Egypt's Natural Gas Projects company under an ECGD-backed line of credit arranged between Midland Bank and the local Mir Inter-national Bank. The meters will be delivered over two years.

SHIPPING REPORT

Interest rates brighten outlook for shipowners

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FREIGHT RATES continued their decline last week. Ship brokers saw few signs of any immediate upturn, although the drop in fuel prices should help shipowners' finances and eventually boost trade.

Tung companies exceed \$2bn. demand for tankers is expected to increase now that a large number of surplus tankers have been scrapped. But last week saw no end to the market's confusion.

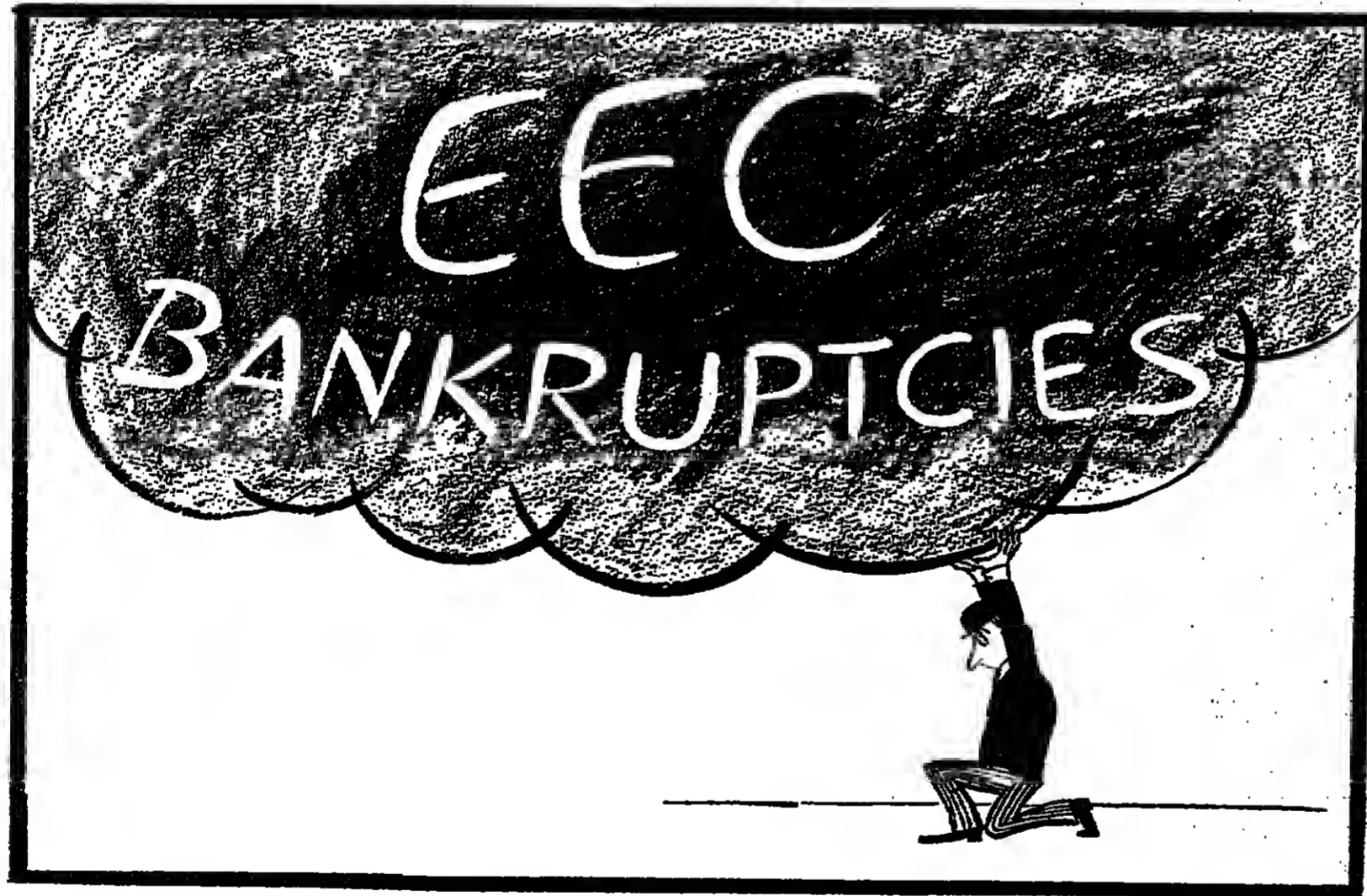
Lower interest rates are also a help to many hard-pressed shipping companies. Orient Overseas (Holdings) Ltd., the container side of the financially troubled C. J. Tung group, reckons it should save up to \$10m (£6.9m) a year with lower bunker costs and interest charges.

Galbraith's, the London broker, said little business had been recently quoted for VLCCs (very large crude carriers) over 200,000 deadweight tons). One 295,000 dwt ship, however, was reported to have been fixed from Iran's Sirri Island to the West at a low Worldscale 22.

This will obviously help the cash flow of the company whose banks are struggling to work out a restructuring programme, details of which could emerge this week. Total debts of the quoted OOHL and the private

remained poor, Denholm Coates said. "Good news is in short supply and no immediate developments are anticipated that could change the present downward tendency."

64,267 reasons to consider export insurance.



In 1984, Britain's partners in the European Community suffered 64,267 bankruptcies, an increase of 36% since 1982.

This figure in itself is reason enough to take out export insurance, particularly since these countries represent the UK's biggest export market.

The world recession has affected even these 'safe' markets, drastically increasing an exporter's chances of running up against serious financial problems.

This volatile business climate makes it

difficult for the exporter to predict when or if a problem will arise.

It does not, however, stop him from protecting himself against the serious financial damage of not being paid.

Once you've considered the facts, you surely can't help but consider ECGD's export insurance schemes.

For a new policy-holder with an annual export turnover of £5m, with most buyers based in markets like North America and Western Europe, a typical premium for comprehensive short-term credit insurance could be £33,000 or less.



Export with confidence.

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World Economic Indicators

FOREIGN EXCHANGE RESERVES (\$m)				
	Feb. 85	Jan. 86	Dec. 85	Feb. 85
US	14,283	12,318	12,856	6,301
UK	10,513	9,825	9,746	4,415
W. Germany	40,978	39,653	39,025	33,139
Japan	23,193	22,769	22,328	22,302
Italy	12,229	12,204	12,029	17,703
Belgium	4,122	3,827	3,969	3,721
Netherlands	9,495	9,347	9,170	7,222
France	23,836	24,319	21,502	19,102

Source: IMF

We're behind them all.

Hanson Trust makes £1.9bn takeover bid for Imperial Group

BY CHARLES BATCHELOR
HANSON TRUST, the fast-growing industrial holding company headed by Lord Hanson, has tonight launched a £1.9bn takeover bid for Imperial Group, the brewing, tobacco and food concern.

(FINANCIAL TIMES)

Dixons launches record £1.6 bn takeover battle for Woolworth

By Margareta Pagano, City Correspondent
A fierce battle for control of the Woolworth chain began today when Dixons...

(FINANCIAL TIMES)

GEC ready to move on Plessey

BY IAN RODGER
THE GENERAL Electric Company could launch its £1.6bn takeover bid for Plessey as early as next week, it is believed.

(FINANCIAL TIMES)

Monopolies inquiry could scupper £1.3 billion...

Imperial and United agree to merge

By Andrew Cornelius
Imperial Group and United Biscuits yesterday announced details of an agreed merger. The deal, which was signalled by the companies last week, will...

(GUARDIAN)

Guinness plans agreed merger with Distillers

BY DAVID GOOCHART AND MARK MEREDITH
A RECORD British takeover bid the Guinness-Distillers was unveiled yesterday when had destroyed Guinness ended several days of merger and announced a of

(FINANCIAL TIMES)

Argyll extends offer for Distillers

By Charles Batchelor
Argyll Group, the super-market concern which is bidding £1.8bn for Distillers, the Scotch whisky group, yesterday extended its offer for a further...

(FINANCIAL TIMES)

Coats opts for £690m Vantona counter-offer

BY ANTHONY MORISON, TEXTILES CORRESPONDENT
VANTONA VIVELLA yesterday launched a £690m counterbid for Coats, which...

(FINANCIAL TIMES)

Now Rank goes for Granada

A £775 MILLION MOVE BY AMBITIOUS BERNSTEIN

by David Ireland

BACK in the City's good books and fresh from catching analysts napping with record profits, Rank Organisation has launched an ambitious near £775 million bid for Granada...

(LONDON STANDARD)

When the dust finally settles on the corporate battlefield, there's at least one detail of their business lives that all these companies have in common. They all use Lotus software. So do most of the people who work with them, from their consultants, commercial bankers, merchant bankers and auditors, to their stockbrokers, solicitors and advertising agencies. A major company considering a £2 billion

investment needs the most reliable information technology it can get to support the decision-making process. Such companies are naturally drawn to the PC software with the most impressive track record. Lotus was launched in April 1982. Today we have offices throughout the world, programs available in 8 languages and an annual turnover of \$225,000,000.

And every product we develop enjoys the pedigree of the package that made our name and set the standard for the industry: 1-2-3. So if you're considering Lotus and you want to find out as much as you can, as quickly as possible, look at our bottom line. It's under the logo. **Lotus** THE MOST SUCCESSFUL SOFTWARE COMPANY IN THE WORLD.

UK NEWS

Hazel Duffy examines the rising cost of professional indemnity insurance
Risky business for professionals

"DON'T SUE ME, I haven't got insurance."

That is the notice which is reputed to hang in some doctors' consulting rooms in the US where insurance claims and settlements have been escalating fiercely - to the detriment of the providers of professional services in the UK differs in two key respects. Class action, whereby groups sue in concert, is much less common, and lawyers' fees are not related to the financial success of the action which they bring.

But the number of claims and settlements against some professions in Britain is sharply increasing. There are several reasons, of which heightened consumerism is one of the most important. The trend is hitting the professionals where it hurts most - in their pockets.

Insurance premiums are being raised substantially. Some professional firms are finding it difficult to get cover. The Guardian Royal Exchange announced recently it would be withdrawing from insurance against negligence for international accountancy firms. However, the group will continue to provide cover for another three years where brokers cannot fill their book. GRE

says that to stay in this market would mean raising premiums tenfold.

The accountants, although not necessarily the worst-hit profession, have an added worry. Auditors of companies in the financial services sector have been warned by brokers that they are facing a new element of risk arising from legislation.

The Government is broadly sympathetic to the problem, although it is anxious that this factor should not be mixed up in the general concern over professional indemnity insurance premiums. Its response could be a ministerial statement at the report stage of the Financial Services Bill later this month, on the role and responsibilities of auditors.

The Institute of Chartered Accountants and the Association of Certified Accountants have both asked the Government to consider statutory capping of the amount for which they can be sued, particularly in the light of their fear that some of the huge claims and settlements emanating from the US and Australia could come to the UK.

The UK Government's own case against the auditors of De Lorenza and Johnson Matthey Bank has al-

so scared the profession.

The case which is perhaps most worrying is the award by the Supreme Court in Australia, of damages totalling A\$145m (£72.5m) against an audit firm for not qualifying its report on the accounts of a finance company, which later went into liquidation. The award swamped the firm's insurance and the partners are to be held personally liable.

Britain is affected by what happens in other countries. Many of the big accountancy firms are international, and insurance cover is placed around the world.

Aside from auditing, the expansion by accountants in Britain into new areas of activity giving advice on financial services also brings added risks for the unwary.

Statistics are hard to come by, but a survey carried out on data provided by Bowring, which runs the Institute of Chartered Accountants' scheme, shows that charges against auditors for negligence as a percentage of all charges actually fell between 1972 and 1982 - although this remains the highest risk area, measured in money terms.

Charges on taxation work and advice, conversely, jumped from 6 per

cent to 27 per cent during the same period. The figures, quoted in a summary work* on professional liability, show a rise in the number of firms registering claims from 35 of 650 surveyed in 1964 to 562 of 3,000 surveyed in 1983. The indications are that this trend has continued, and that a firm has a probability of one in five of facing one or more notifiable claims.

Many claims do not result in settlements. But underwriters, not wanting a large number of unsettled claims pending, will sometimes make settlements which the accountant partners judge would not succeed. And for the firm, once a claim is made, provision for settlement has also to be made.

The ICA/Bowring scheme is mostly taken up by smaller firms, and the certified accountants run a similar scheme with Tozer Phillips. Professional indemnity insurance in both wings of the profession is voluntary - for solicitors, for example, it is mandatory - but the Institute plans this year to seek members' approval for a proposal which would make maintenance of insurance a condition for renewing members' certificates of practice.

* Insurance, Page 30

Unionists' firm line dashes talks hopes

BY HUGH CARNEGIE

LEADERS of Northern Ireland's two main Unionist parties have no intention of softening their demand that the Anglo-Irish agreement - which gives Dublin a say in the affairs of the province - must be suspended before they can enter talks with Mrs Margaret Thatcher, Prime Minister.

This was made clear yesterday by Mr Peter Robinson, deputy leader of the Democratic Unionist Party (DUP).

Mrs Thatcher is expected this week to reiterate the Government's willingness to act "sensitively" in implementing the accord, implying a slowdown in the work of the Anglo-Irish conference, but to reject suspension, leaving little prospect of an early break in the present violent deadlock in the province.

Her response will be in the form of a letter to Mr James Molyneux of the Official Unionist Party (OUP) and the Rev Ian Paisley, leader of the DUP, the latest in an exchange

on the possibility of resuming talks which broke down in February.

Mr Robinson, MP for East Belfast, said in an interview on Irish radio that any talks held without first suspending the agreement could not produce "any package that would be sellable in the community."

Mr Robinson said talks would have to be about an alternative to and replacement of the agreement. He said, constitutional opposition to the accord was not exhausted.

One of the difficulties facing both London and Dublin is that any concession to the Unionists would be regarded with alarm by Nationalists, the main beneficiaries of the agreement.

Mr John Hume, leader of the Social Democratic and Labour Party, the main nationalist party in the north, said yesterday that he could not approve suspension of the accord. Such a move would be "a serious climbdown."

Labour plans new move on Militant

BY MARGARET VAN HATTEM

LABOUR'S national executive committee (NEC), which meets next Friday to change its rules to enable it to act against Militant Tendency, the Marxist group, without the cooperation of left-wing members, is confident the move will not be vulnerable to legal challenge.

Earlier attempts to hear charges against 12 Liverpool-based supporters of the Tendency were aborted when seven left-wing members walked out, depriving the meeting of a quorum. The NEC hopes, on Friday, to change its standing orders relating to quorums, so that in the current affair, only nine of its 12 members would need to be present.

Members are confident that the NEC is legally empowered to change its own standing orders as the majority on it sees fit and that any threats of legal action by the Militants should not impede the NEC's ability to continue almost immediately with the disciplinary hearings.

The hearings are expected to lead to a number of expulsions, including those of Mr Derek Hatton, deputy leader of the Liverpool City Council, Mr Tony Mulhearn, chairman of the Liverpool District Party, and Mr Terry Harrison, his deputy.

A number of NEC members consider action against these three to be essential if the action against the Militants is to have any credibility. Militant has been accused by Labour of acting as a party within a party and, therefore, in violation of the Labour Party's constitution.

At a meeting of the NEC earlier this year Mr Neil Kinnock, the Labour leader, made clear that Militant members were on their way out.

He said: "We have satisfactory evidence of people's membership of an unconstitutional organisation. We must take strict and straight action to put them out. That is our duty."

The Ebic banks: your partners in financial circles

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But 1986 doesn't have to be like that. Because Midland has developed Midland Business Banking

UK NEWS

Channel Tunnel Group plans £600m share offer

BY ANDREW TAYLOR

SHARES WORTH about £800m in the Channel Tunnel project could be offered for sale to the public in Britain and France about the middle of next year, according to the Channel Tunnel Group (CTG). The group plans to sign a series of key agreements next month, including a loan memorandum.

The memorandum will establish terms for a development loan of about £5bn to be underwritten by a consortium of 37 international banks. It will pave the way for the signing of a more detailed loan agreement at the beginning of next year.

CTG will pay a commitment fee of ¼ per cent per annum to the banks, when the loan memorandum is signed in the middle of May. At the same time CTG's British and French shareholders will invest £50m to provide initial working capital for the project.

CTG is planning a share placing in June to raise £150m. These will be placed with a wide spread of British and French institutions. The issue is to be handled by Morgan Grenfell and Robert Fleming in the UK with Scrimgeour Kemp Gee and Fielding Newson Smith as brokers. Banque Indosuez, Credit Lyonnais and Banque Nationale de Paris will handle the issue in France.

A much larger £350m international share issue is planned for around the middle of next year. Of this, 20 per cent will be placed with institutions in Japan and the US. The remainder will be sold in Europe, with a very large proportion being made available for general offer in Britain and France.

The timing of financing and construction agreements is crucial if the twin-bore rail tunnel is to be completed in time to open for 1993 summer traffic.

The seven-year contract to design and build the cross-Channel link will also be signed next month. The 10 British and French construction shareholders in CTG are forming a separate joint venture.

The contract, worth £233bn at 1985 prices (rising to more than £50bn after allowing for inflation and interest charges on loans), provides for:

- A fixed-price contract worth £94m to build terminals at either end of the tunnel and to provide fixed equipment such as railway track and electronic signalling.
- A target-price contract of £1.17bn to build the tunnels themselves. A target-price contract means that costs arising from failure to meet deadlines are shared between contractor and client.
- Procurement of £227m of rolling stock for the rail shuttle.

RIGHTS ISSUE TO FUND ADVERTISING AGENCY'S ACQUISITION PLANS

Saatchi plans £400m cash call

BY TERRY GARRETT

A £300m rights issue will be launched this morning by Saatchi and Saatchi, the UK-based international advertising agency, to fund its aggressive acquisition programme.

The call on its shareholders will be a heavy one with seven new shares on offer for every eight already held. The price will be a little over 70p a share against Friday's London close of 94p.

The demanding issue will, however, be supported by an enthusiastic profits forecast for the

year to September 30. Saatchi will be forecasting pre-tax profits in the region of £57m against last year's £40.5m.

Recent stockbrokers' forecasts had centred on £55m for the current year though these would not include the benefits of the rights issue money.

Saatchi will not be making any specific statement about its acquisition intentions other than a broad indication of its ambition to pursue a policy that will make it a global market leader in 10 business service sectors ranging

from design to corporate planning.

Under the guiding hands of the two Saatchi brothers, Charles and Maurice, the group has already demonstrated remarkable growth. In less than a decade it has risen from obscurity to be the largest agency in the UK and Europe and number four in the world. Acquisitions have featured strongly in its development.

There has recently been some speculation that there would be a major acquisition of a US advertising agency. More than half

group profits already arise in the US.

One Saatchi executive suggested yesterday, however, that a rights issue of this size would position Saatchi so that it could contemplate major takeovers as well as funding a steady stream of in-filling acquisitions for its last expanding network.

In the last 15 months Saatchi has made seven major US acquisitions topped by February's £51m purchase of Dancer Fitzgerald Sample, ranked 18th in the world. This spending spree has cost Saatchi over £150m.

Pay deals average 6¼% in quarter

By Hazel Duffy

PAY SETTLEMENTS in British manufacturing industry averaged 6¼ per cent in the first quarter of 1986, according to figures published today from the Confederation of British Industry's (CBI) Pay Database.

Provisional figures show the same level of increase as in the last quarter of 1985 (also provisional) and compare with average settlement levels of 6½ per cent in the first three quarters of 1985.

The relevance of the figures for the first quarter is that they include January settlements which, along with April, is the most important month for pay deals. They also provide the backdrop to the CBI's pay presentation exercise to members which this year starts off with a meeting of top manufacturing companies.

The idea behind the meeting, which takes place next month, is that companies provide a feel for the way they see pay settlements shaping up in the next annual round starting in the autumn.

This will be fed into the presentation exercise with the aim of being able to present a more polished effort to persuade employers that they keep settlements in line with productivity.

Databank figures for the first quarter covered 215 companies - just over half the total number of settlements normally expected in this period. Some 20 per cent of settlements since August 1 1985 have been in the 4½ per cent to 5½ per cent range, a third in the 5½ per cent to 6½ per cent range, and another 20 per cent in the 6½ per cent to 7½ per cent range.

Barclays Bank 'losing accounts over S. Africa'

By Nick Bunker

FOUR OXFORD colleges and a number of national organisations have withdrawn accounts from Barclays Bank since a state of emergency was declared in South Africa last July, according to a report published today by an anti-apartheid pressure group.

The sixth annual Barclays Shadow Report, produced by End Loans to South Africa (Elsa), claims that Barclays is "the largest single foreign investor in South Africa." It says that the Oxford colleges - Balliol, Corpus Christi, Exeter and St Catherine's - have announced during the last nine weeks that they are to pull out of Barclays.

Elsa, whose board members include Mr Neil Kinnock, the Labour leader, also lists the charities Mind, Oxfam and Shelter, the London Borough of Greenwich, the British Association of Social Workers and the Royal Town Planning Institute as bodies which have taken accounts away from the bank.

Guthrie expected to be valued at £110m in London refloatation

BY CHARLES BATCHELOR

GUTHRIE Corporation, formerly one of the largest British plantation companies in Malaysia, will return to the London stock market in June in a flotation expected to value the group at more than £110m.

Guthrie is now a diversified industrial holding company. It made an estimated pre-tax profit of £4m on turnover of about £39m in 1985.

The Malaysian Government's investment agency, Permodalan Nasional, took control of Guthrie in September 1981 after a "dawn raid" on its shares that valued the entire company at £282m.

The Malaysians, who were primarily interested in Guthrie's extensive rubber estates, removed the plantations from the London-based company's control in 1982, leaving Guthrie with an assortment of industrial interests.

Guthrie makes the bulk of its sales in the US and Canada, which accounted for £234m worth of turnover in 1984. The largest part of the company is Page Avjet, a US com-

pany which services and maintains aircraft for airlines, designs luxury aircraft interiors for wealthy individuals and governments, and sells new and secondhand aircraft.

Fire Armour, a company supplying extinguishers, hoses and fire tenders and Duralay, a British manufacturer of carpet underlay.

Mr Jock Green-Armytage, then an executive director of N. M. Rothschild, the merchant bank which orchestrated the share raid, was brought in as managing director of Guthrie to reorganise the group and prepare it for an eventual re-listing on the London market.

Guthrie is to return to the stock market by means of an offer for sale of about 35 per cent of its shares in a deal which would raise about £35m and value the company at its existing capital of £100m. It also intends to raise at least £10m by the issue of new shares. These figures are still provisional, however, and may be

changed as flotation day approaches.

The Malaysian Government intends to retain control of the company for the foreseeable future and will continue to nominate the chairman and one non-executive director to the eight-member board.

A re-listing in London will allow the Malaysian Government to put a value on its investment and give Guthrie greater room for financial manoeuvre. It has struggled over the past four years to improve the profitability of its diverse interests but has had little spare cash for expansion, Mr Green-Armytage said.

Profits have recovered from a low of £1.73m on turnover of £257m in 1982 to £11.4m on turnover of £39m in 1984. Last year's further profits rise to an estimated £14m was achieved despite a slight fall in turnover which resulted from the rise of sterling against many foreign currencies.

Background, Page 28

British Shipbuilders presses price claim against Japanese

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS (BS) has decided to go ahead with its EEC anti-dumping case against a Japanese shipbuilder which it claims won a recent order through unfair pricing.

State-owned BS said the £30.5m difference between the Japanese and European prices for a waste nuclear fuel carrier could not be explained by varying material and labour costs. A French yard was also in the bidding.

British Nuclear Fuels (BNFL) ordered the ship from Mitsubishi Heavy Industries, because the Japanese company made the lowest

bid. The ship, Pacific Pintail, will carry irradiated nuclear fuel from Japan to the UK and France.

BS, desperately seeking new orders with its merchant yards now left with only about nine months' work, has put its arguments informally to EEC officials and is now preparing a formal case to put before the Commission.

While the Pacific Pintail order at around £18m is small in Japanese terms - Japan is the world's largest shipbuilding country - BS is keen to enter the market for this type of specialised ship.

It has previously built four such

vessels for BNFL. The new ship was ordered by Pacific Nuclear Transport, of which BNFL is the majority shareholder. Japanese and French shareholders own the remaining equity. British and French prices for the ship were about £13.2m.

Mitsubishi, which will build the vessel at its Kobe yard, said its bid had been a commercial one. While it has not built a waste fuel carrier before, it has converted a cargo ship for such a purpose for domestic use.

Much of the equipment for the Pacific Pintail will come from Europe.

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UK NEWS

Political star-gazers set sights on May polls

THE NEXT key date for political pundits and star-gazers in Britain is Thursday, May 8. On that day the most important local government elections in this Parliament take place.

These should give a much better indication of the national standing of political parties than last week's by-election at Fulham, in west London.

Party managers will be able to judge whether Labour elation at wresting the Fulham seat from the Tories, Conservative disappointment and Alliance apprehension are justified.

Elections will be held in all 32 inner and outer London boroughs, and for the Inner London Education Authority for the first time, in the nine Scottish upper-tier regional councils, in the 36 English metropolitan districts and in one third of the 298 English non-metropolitan or shire councils.

About 5,300 seats will be up for election, contested by 16,000 candidates. The scale of the voting and its geographical spread should give the major parties a clear idea of their strengths and weaknesses as the run-up to the next general election increases in tempo. This will take place at the latest in the spring of 1988.

In addition, there is a strong possibility that the two outstanding by-elections at West Derbyshire and

Richard Evans says the Conservative Party will almost certainly face bad news in next month's local elections in Britain

Ryedale in North Yorkshire will also be held on May 8. The Conservatives are on the defensive in both seats and tactically it would mean getting all the bad news over at once.

Labour tacticians are looking forward to the local elections with relish, partly because they are certain they will be on the winning side, and partly because of the vast improvement in their organisation.

The county council elections a year ago and recent by-elections culminating in the Fulham victory have shown that Labour campaign support is no longer derisory. The local elections are seen as an essential element in the build-up to the next general election.

One thing is certain: the Conservatives are going to do badly on May 8. This is not only because of the Government's mid-term unpopularity and poor standing in the opinion polls. They are defending seats won in 1982 when Mrs Margaret Thatcher, Prime Minister, was riding high on the so-called Falklands factor.

The elections four years ago oc-

curring only days after the sinking of the Argentine ship, General Belgrano, and the loss of HMS Sheffield when nationalist fervour was at its height.

The Falklands conflict meant the Tories recovered from the deep unpopularity of 1981 to their heights of 1979 and beyond.

The results represented the largest mid-term victory for the party in government since the Second World War. The main area to watch is London, which with an electorate of more than 5m and with nearly 2,000 seats to be contested, covers 82 parliamentary constituencies.

Also important are the 16 metropolitan districts holding full elections. They are Birmingham, Dudley, Gateshead, Kirkcaldy, Manchester, North Tyneside, South Tyneside, Salford, Sunderland and Wakefield. Of these, Dudley, won by the Conservatives four years ago, is the most likely to change control.

Few dramatic changes are likely outside London because so many of the metropolitan districts only have a third of their councils up for election. The Conservatives could also lose control in Bradford, Bury and Salford, however. There have been high rate (local property tax) increases averaging 13.5 per cent in England and Wales this year, but reaching 30 per cent in areas such as Bradford.

Bell Group seeks big stake in satellite broadcasting service

BY RAYMOND SNOODY

MR Robert Holmes & Court, the Australian businessman, is seeking a substantial stake in the British direct broadcasting by satellite (DBS) franchise.

Mr Holmes & Court's Bell Group has reached agreement to take up to 45 per cent of National Broadcasting Service, a British company set up to apply for the three-channel DBS franchise advertised by the Independent Broadcasting Authority (IBA) earlier this month.

The company was set up by Mr James Lee, former chief executive of Goldcrest, the independent film company.

As part of the deal the Australian entrepreneur has agreed to underwrite the satellite and development costs of the project, likely to be at least between £100m and £125m.

The move by Mr Holmes & Court is an indication of increasing commercial interest in creating a British DBS service which would broadcast three new channels of television from a high-power satellite to dish aerials of about 60 cm diameter on individual homes.

Another contender for the franchise is Direct Broadcasting Ltd (DBL) set up by Mr John Jackson, chairman of Celltech, the biotechnology company, and the Granada Group has also had preliminary

talks on putting together a third consortium.

Mr Holmes & Court owns two television stations in Australia, has leased a channel on the Australian television satellite system, Ausat, and owns a library of 2,500 hours of television programmes through ACC. It is believed that Bell has been looking for an expansion of its UK media interests for some time.

Mr Lee is looking for British investors to complete the share capital of National Broadcasting Service - now renamed NBS Television. Only EEC nationals can control British DBS although the IBA says it has no objection to Mr Holmes & Court holding a minority stake.

Mr Lee says he is already talking to British Aerospace about the possibility of buying a three-channel satellite to offer an entertainment channel with the emphasis on the youth market, a national education channel and a national education and training programmes.

The company, it is believed, has already submitted a proposal to independent Television News (ITN) to provide the news service

Cabinet studies pay deal for Whitehall

BY HAZEL DUFFY

PAYMENT of substantial compensation to meet the extra costs involved in living and working in London is one of the options being considered by the Cabinet Office to make the Civil Service more attractive.

The MPO (Management and Personnel Office), with responsibility for personnel matters in the Civil Service, is concerned that the Civil Service is finding it more difficult to recruit and keep people in certain sectors and parts of the country. London, and the most prosperous towns in the vicinity, are particularly vulnerable.

All civil servants working in inner London - with the exception of under-secretaries and higher - at present receive £1,385 a year in London weighting. The Council of Civil Service Unions is asking that this be raised to £1,787 as part of their overall pay claim this year, on which the Treasury is expected to come back with its revised offer this week.

The MPO would also like local managers to be able to pay special allowances as a means of attracting recruits, which would cease when vacancies had been filled.

The recruitment problem is most severe at the level of clerical officer, which is where the bulk of civil service work is done. While going for higher London weighting, the unions do not like payments made on a discretionary basis. But the

Treasury believes it has made a breakthrough in this direction with union agreement that departmental managers have discretion to pay allowances to certain computer specialists where they think necessary - the scheme is now being implemented.

Higher up the ladder, the problem of retention is most apparent among "fast stream" principals, those who have come into the Civil Service as administration trainees. Although the number leaving is still very small, the trend is upwards and represents a loss of some of the best "young brains" in the Civil Service.

The Association of First Division Civil Servants, representing many civil servants on this grade, argues that considerations such as higher London weighting are not relevant to the issue of relating civil service pay to the private sector.

The Treasury's argument is that it cannot nor does it seek to pay salaries which are current in parts of the private sector, but officials do admit they are concerned about the problem.

The MPO has yet to consult the unions on some of its ideas, although these have been informally discussed with ministers. The annual report of the Civil Service Commission to be published later this week will add support in its discussion of the retention problem.

TUC wants overhaul of employment law

BY PHILIP BASSETT, LABOUR EDITOR

THE TRADES Union Congress (TUC) is calling for a complete overhaul of employment law, based on unions' immunities from legal action, in favour of a "positive legal framework" resting on a system of guaranteed rights, including the right to strike.

The TUC's call is contained in a consultative policy document to be examined by its employment committee on Wednesday. It marks a significant shift in TUC thinking on the law, which has always been in favour of maintaining the present immunities-based system.

It was signalled in advance by a weekend speech by Mr Norman Willis, TUC general secretary, who told the TUC's East Angles regional council annual meeting in Newmarket that there was now a consensus between the TUC and the Labour

Party about the future direction to be taken on the issue of employment law.

The party and the unions are to present to their autumn conferences a joint statement on the issue under the general title "Industrial Relations and Industrial Democracy".

Mr Willis emphasised in his speech that the statement would not set out in detail proposed policies. The two sides are clearly keen for Labour not to go into the next general election with a specific platform of changes in the law. They fear that this could draw them into lengthy and diverting arguments about issues such as the precise boundaries of lawful strikes, statutory trade union recognition provisions, or the possible role of a Labour court.

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Grieveson Grant, under its new name Kleinwort Grieveson, will, as Members of the Stock Exchange, continue to provide stockbroking services to clients and will make markets in London in a broad range of UK stocks as soon as the rules allow.

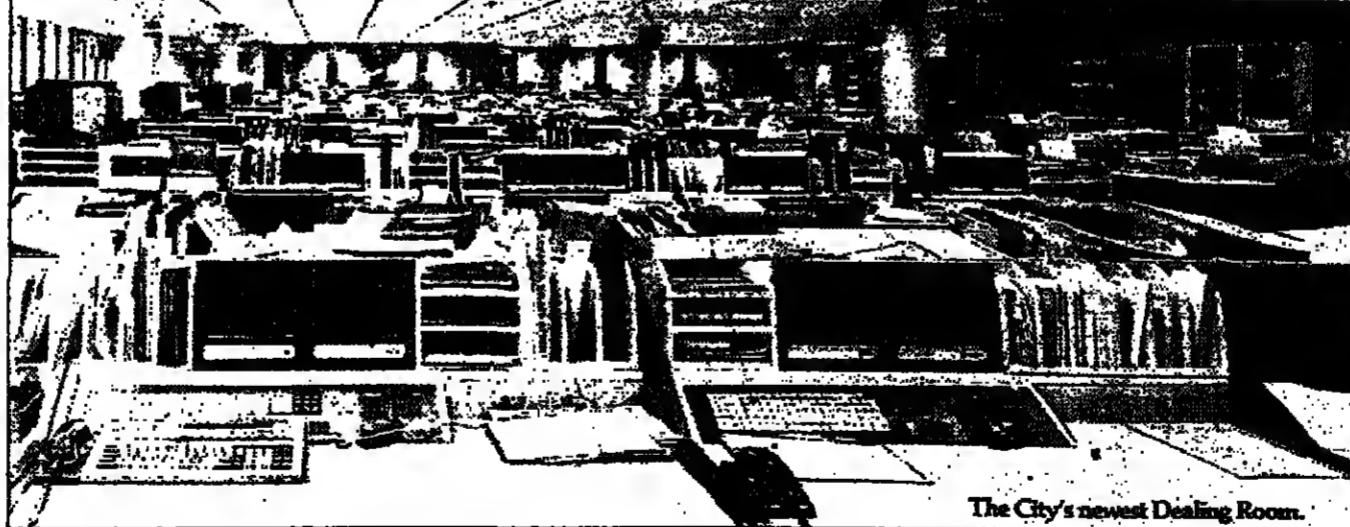
It already does so in overseas equities, to complement activities in New York and Tokyo. Its close relation, Kleinwort Charlesworth, operates as a gilt-edged market maker in London.

After Big Bang, a separate subsidiary, Kleinwort Grieveson Investment Management, will bring together all areas of investment management, private and institutional, at home and overseas. It will constitute one of the largest asset management houses in the City.

Kleinwort Benson has long had a major presence around the world: in the USA, Europe, Australia and the Far East.

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UK NEWS

Michael Donne looks at Europe's most ambitious aircraft venture
Proving time for aero technology

THIS WEEK, one of the most significant and expensive experimental aircraft yet built in the UK will be ceremonially towed out from its assembly hall at British Aerospace's Warton, Lancashire, factory in the presence of Mr George Younger, the Secretary for Defence.

Called simply EAP (Experimental Aircraft Programme), this sleek, powder-blue aircraft has cost the UK Government and aerospace industry jointly so far more than £100m, with smaller inputs of cash and work from the West German and Italian governments and industries.

Its significance is that it is a "technology demonstrator" - not a prototype - designed to embody many of the most advanced ideas in production techniques, new materials, electronics and even new ways of flying, that will ultimately be used in a more ambitious and expensive programme, now being planned. This is the multinational, multibillion pound European tactical fighter aircraft, called the Eurofighter, which is envisaged for the mid-1990s. Precise Eurofighter costs are not yet revealed.

There is only one EAP, but there will eventually be more than 800 Eurofighters. The EAP will fly around the end of May or early June, this year, and it will appear at the Farnborough Air Show in September, rivaling the French-built Rafale, itself a forerunner of another new tactical fighter planned by that country.

The difference between the two is that the Eurofighter will be an air-superiority aircraft while the Rafale derivative (not yet named) will be primarily a ground-attack aircraft.

By the time of its first flight, the EAP will have already achieved much of what it was originally intended to do - prove that all of today's advanced aerospace technologies can be combined in one aircraft. During the three years or more of EAP's development, the UK aerospace industry has learned many of the skills it will need for work on the forthcoming Eurofighter itself.

The EAP's flight programme will last at least three years, until the first prototypes of the Eurofighter emerge around 1990. This will involve further funding for the EAP, which is now under discussion between the UK industry and the Government. By the time the EAP goes to Farnborough, the way should be clear for it to fly extensively over the rest of this decade in support of the Eurofighter programme.

While this is going on, the preparatory work for the Eurofighter itself is being pushed ahead. The current "project definition" phase is nearly completed, and go-ahead for full-scale development from the four governments involved - UK, West Germany, Italy and Spain - is expected by about the end of this year.

As conceived at present, the Eurofighter is a four-nation programme. Ideas for some US and French participation have so far come to nothing, and the further down the road of project definition the venture gets the less likely it is that other nations will get shares in it, although the door is not yet completely closed.

There will be a similar structure on the engine involving Rolls-Royce, Motoren- und Turbinen Union, Fiat Aviazione and SENA of Spain. It will build the new engines for Eurofighter, based on the XG-40 experimental engine on which Rolls-Royce has been working for some time.

Similarly, a multigovernment structure to control the entire venture is being put together. It will operate rather like the Nato Military Aircraft Management Agency (Namma) that oversees the Tornado venture, but its precise format is not yet settled. It is even possible that Namma could fulfil this role, as well as overloading Tornado.

The aim with Eurofighter is to have four assembly lines, one in each country, but with each industry building parts and equipment for all aircraft. The first equipment and component contracts will be awarded on the basis of competitive tenders, and at fixed prices, with the first coming later this year.

But the governments involved, as with Tornado, are expected to encourage companies in the four countries to get together to form consortia to bid for the contracts.

In both the EAP and the subsequent Eurofighter, the European aerospace industries are involved in their most ambitious venture yet, far exceeding in cost and technological complexity the Tornado aircraft, for since the latter was first conceived in the late 1960s, technology has moved on substantially.

Top stores support trading on Sunday

By David Churchill, Consumer Affairs Correspondent

THE MAJORITY of Britain's 10 largest retail groups will eventually open for trade on a Sunday if the Government's Shops Bill becomes law.

This has become apparent over the past few days as a number of small retailers have made clear their opposition to Sunday trading. But among the largest stores chains there is much stronger support for the concept of liberalised shop opening hours.

Five out of the top 10 UK retail groups - listed according to sales figures - are firm supporters of removing restrictions on shop opening hours. They are: Woolworth Holdings, Burtons, Asda/MFI, Dees Corporation and Tesco.

Another leading retailer, J. Sainsbury, already opens its do-it-yourself stores on a Sunday and admits it would have to consider supermarket openings if other grocers did so.

Even Marks and Spencer, which has not positively campaigned against the Government's Shops Bill, acknowledges that it may have to open on Sunday in its new out-of-town supermarkets to keep in line with other traders.

Staunchest opponents of Sunday trading among the top 10 retail groups are Sainsbury's - whose retail interests include Selfridges department store and the British Shoe Corporation - and the Boots chain.

Outside the top 10 UK retailers, there is strong support for Sunday trading from Sir Terence Conran's Storehouse group and newsgents W. H. Smith.

Dixons, which is currently bidding for Woolworths, is against Sunday trading.

Mr Nigel Whitaker, a director of Woolworth Holdings, has been one of the key organisers of retailers in favour of Sunday trading. He said yesterday that it was "obviously legitimate for a minority of retailers to take the view it would be unprofitable for them to open on Sundays."

But, he added, "it is absurd and as unmoderated as burning at the stake to suggest that retailers who wish to meet the demands of customers who want them to open on Sundays should be subject to the criminal law."

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Mr Hardy and his Merlin phone system perform the illusion of transporting Birmingham Bull Ring to Cannon Street, EC4.

IN WHICH WE LEARN OF THE MANY ADVANTAGES OF UNITING DIVERSE AND DISTANT EMPORIA WITH A SINGLE COMMUNICATIONS SYSTEM.

Ernest Hardy was no ordinary head of a nationwide business. He was a man with uncommon vision and an unusual sense of theatre.

INTERNAL CALLS FROM THE OUTSIDE

This was never more evident than today as he prepared to introduce the Board to their new Merlin DX communications system from British Telecom.

"As from today," began Hardy, "we shall be working far more closely with our Birmingham and Brighton branches. You may in fact assume that they now share this very building." The Board looked round uneasily.

"Allow me to effect a small demonstration." Hardy turned to his assistant. "Miss Snow, would you be so kind? Gentlemen, I need barely remind you of the time, trouble and expense it takes to reach our Birmingham office." The Board nodded, recalling forgotten numbers and frayed tempers. "Miss Snow, would you dial 4596. Apparently an internal number, Gentlemen, 4596." Miss Snow complied, with a flourish.

SHARED RESOURCES FOR GREATER SATISFACTION

Almost instantly she replied to the voice and replaced the receiver. "That was Hargreaves from the Birmingham office."

"As promised," announced Hardy, "the Birmingham branch. Apparently in

this very building. An illusion, of course. But magnificently effected by our Merlin DX communications system."



"Remarkable indeed, but, Gentlemen, we must not think only of ourselves. A single set of operators and a single set of equipment here in Cannon Street will now be able to service the whole company. More satisfied customers, quicker responses, seconds saved on every call. It's all time in the bank, Gentlemen."

MORE THAN SIMPLE SPEECH

"There's more, Gentlemen. Data," Hardy whipped a black cloth from the table before him to reveal a

keyboard and screen. "Suppose I want to work with files from the Brighton office. A simple case of one, two, three and presto!" Hardy's fingers danced over the keyboard and the screen began to fill with text. "Data, Gentlemen, down the telephone line. I give you the Merlin DX communications system from British Telecom in all its considerable glory." It was a little dramatic, but Hardy was in a thespian mood.

A VISION OF THE FUTURE

The Board applauded enthusiastically. "The dawn of a new beginning. We now have a system that allows us to pool our resources, to share knowledge and experience." Hardy stopped. He had succeeded in transporting both Birmingham Bull Ring and the Brighton branch to Cannon Street. He had presented them with the Merlin DX communications system.

What more could anyone want?

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Economic slant on teaching

By Michael Dixon, Education Correspondent

A £1m project to train teachers to include an economic dimension in their lessons will be launched today by Sir Keith Joseph, Education Secretary.

The scheme, based initially in London and Manchester, is backed by companies such as BP and Unilever as well as the departments of Education and Science, and Trade and Industry.

Dr Linda Thomas, director of the project, said the aim was to train school staff to use economics as a vehicle for teaching other subjects, rather than to teach it as a specialist topic.

"For example, a biology teacher might spend time on the economic effects of smoking in addition to the health effects, or a religious education teacher might look at the moral aspects of economics."

The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, interest is hereby given that for the Interest Period from 10th April 1986 to 10th July 1986 the Notes will bear a Rate of Interest of 10 1/2% per annum. The Interest Amount payable on 10th July 1986 will be £250,000 per £100,000 Note.

Country Bank Limited
Agent Bank

Torretningsbanken A/S

US\$ 50,000,000

Floating Rate Subordinated Notes due 1997

Interest on Floating Rate Subordinated Notes of the above issue are hereby notified that for the Interest Period from 10th April 1986 to 14th July 1986 the following information is relevant:

1. Applicable Interest Rate: 7% per annum
2. Coupon Amount payable on Interest: US\$176.94 per US\$100,000 Nominal
3. Interest Payment Date: 14th July 1986

Agent Bank: Bank of America International Limited

FINANCIAL TIMES REPORT

Clocks and Watches

To be published on **SATURDAY, APRIL 19, 1986**

For details of advertising rates, please contact: **JULIA CARRICK 01-489 0029**

Publication date is subject to change at the discretion of the Editor.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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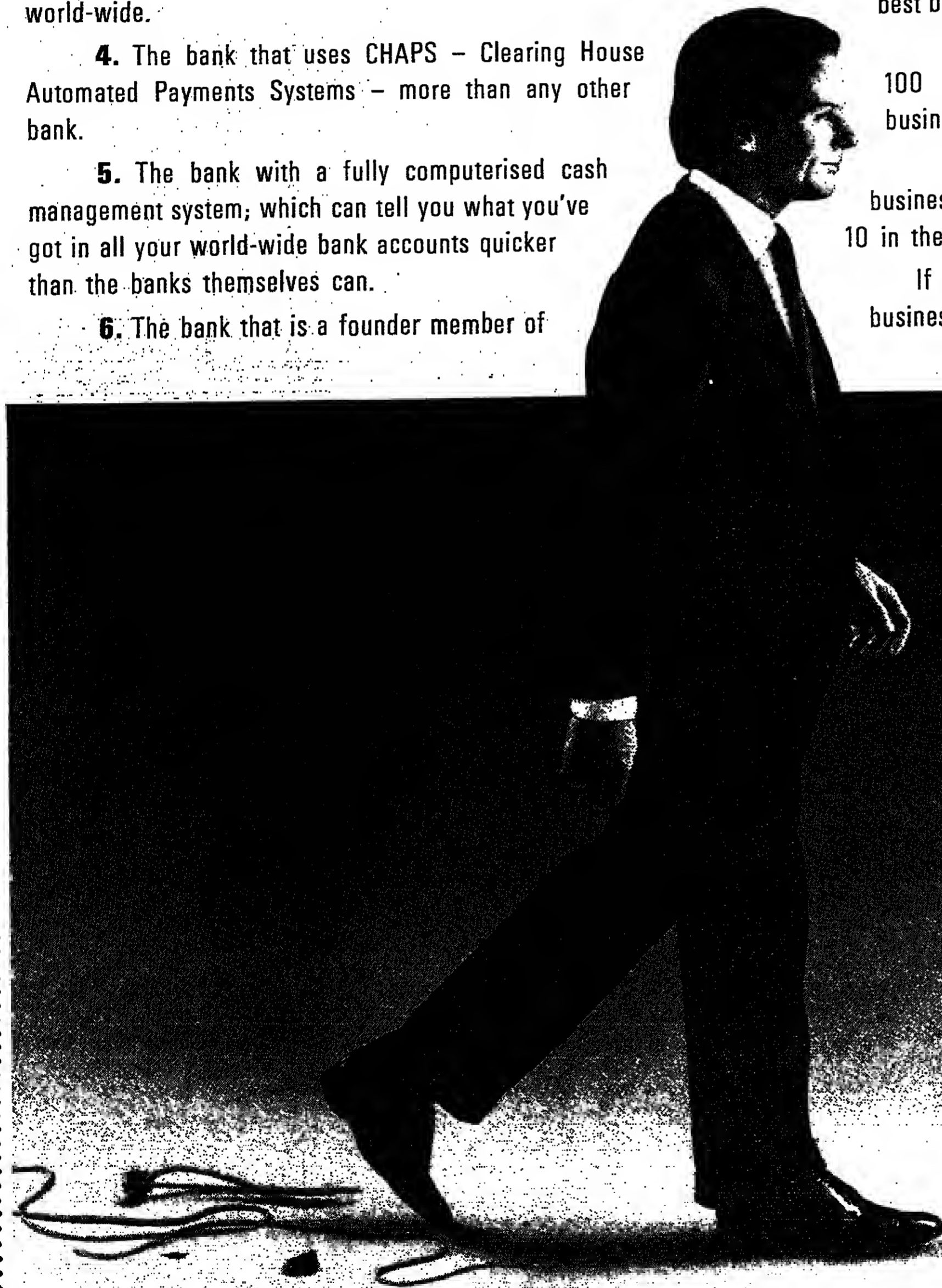
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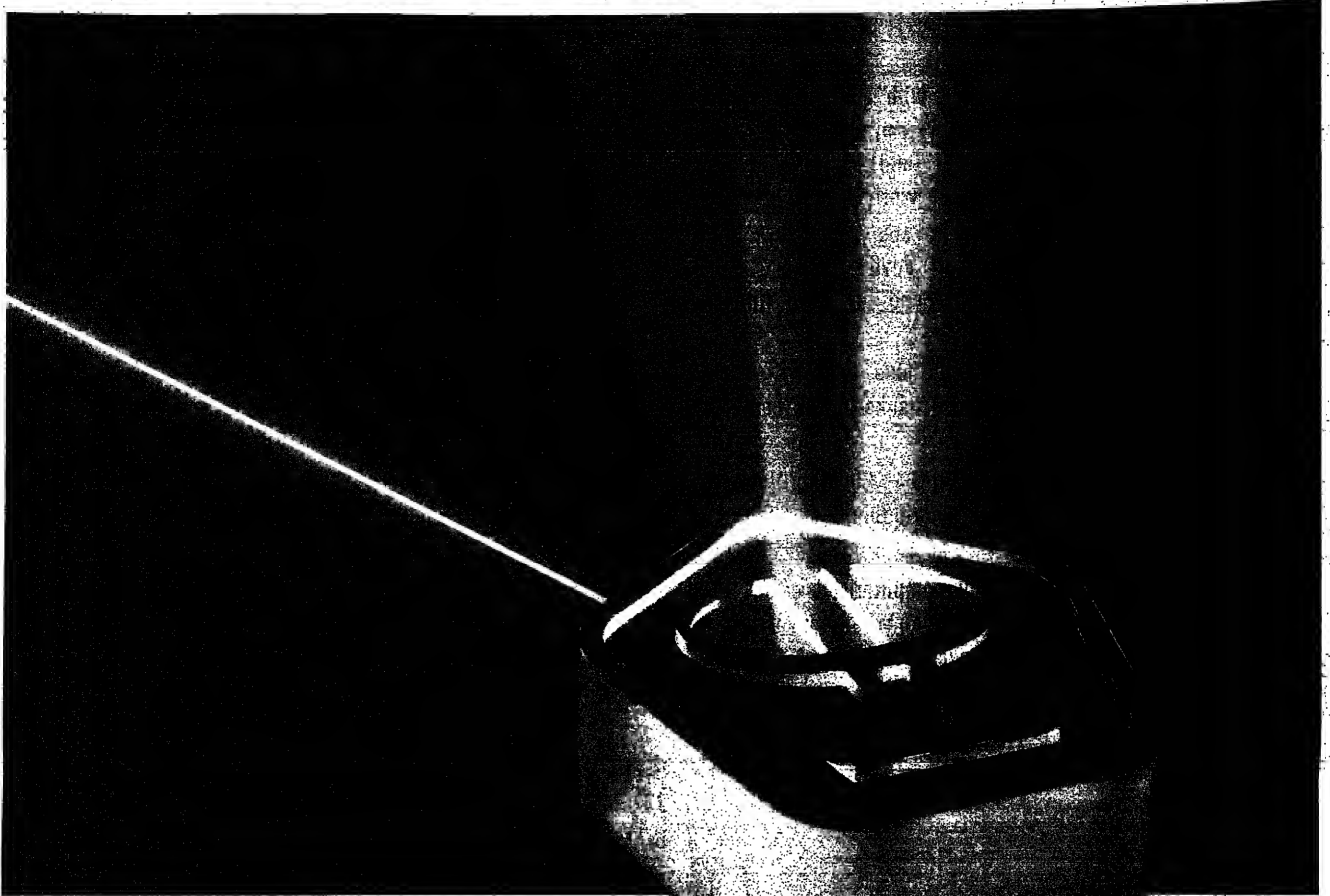
So, whether you're just starting out in business, or whether your company is in the Top 10 in the world, we can help you.

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“Bright, clear and varied”

The key to profitable and continued growth for Pearson, with its wide spectrum of interests, is to create the environment in which the managers of our individual businesses can flourish. It needs to be an environment which embraces autonomy and responsibility for highly-motivated managements, working within the financial guidelines and understanding the objectives set by central management. The main divisions of Pearson, like the colours of a prism, are bright, clear and varied (see “prismatic” in the Longman Dictionary of Contemporary English, naturally a Pearson company publication). Encouragement and support spring from a strong central source. This prismatic approach pays dividends.

Information and Entertainment	Engineering	Merchant Banking	Fine China	Oil and Oil Services
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During 1985 the Financial Times' circulation increased to record levels in the United Kingdom, Continental Europe and the USA, where it commenced printing by satellite in July. It had a very successful year financially, won numerous editorial awards and also launched a new on-line statistical service, Finstat, as part of its build-up in the area of electronic publishing.

Westminster Press, despite an increase in advertising volume and revenue, did not meet expectations and has begun a programme of reorganisation under the direction of Frank Barlow, who is now chief executive of both Westminster Press and the Financial Times.

Longman's profits and sales increased substantially in 1985 and the pace of development masterminded by Tim Rix was fast. Three events stand out: the formation of Longman Cartermill, Longman's first venture into electronic on-line publishing, the acquisition of Pitman and, in the US, the creation of the Longman Financial Services Institute.

Penguin, inspired by Peter Mayer, celebrated its 50th anniversary in style, winning literary awards for

itself, Viking, Kestrel and Puffin and acquiring the distinguished publishing houses Hamish Hamilton, Michael Joseph, Rainbird and Sphere.

Madame Tussaud's and its UK subsidiaries, led by Michael Herbert, collectively attracted over five million visitors and its profits substantially surpassed the record level of the previous year.

Our associate company, Goldcrest, had a miserable year. Its main release, Revolution, cost far more to make than was intended and was badly reviewed. The future success of the business will largely depend on two films to be released this year, Absolute Beginners and The Mission. Jake Eberts has returned to lead the management team.

Information and Entertainment	Engineering	Merchant Banking	Fine China	Oil and Oil Services
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In 1985 the profit level of Fairey remained good. Derek Kingsbury has organised the development of the company since he became responsible for the Engineering sector of Pearson in 1983.

Fairey announced a restructuring at the beginning of 1986 which will focus its business onto four core activities, aerospace and subsea engineering, electronics, filtration and industrial ceramics.

Information and Entertainment	Engineering	Merchant Banking	Fine China	Oil and Oil Services
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Lazard Partners, chaired by Michel David-Weill, continued to develop collaboration between the three Lazard houses. Activity in New York, Paris and London was high, with the latter, under the leadership of Sir John Nott, successfully developing a number of new business areas and avoiding the temptation of purchasing the expensive goodwill of other City firms.

1985 was a year of continued progress for Royal Doulton, where Stuart Dons is now managing director. The company achieved record sales and profits, demand remained buoyant and the year ended with full orderbooks. Further expansion of ranges, markets and production is envisaged.

In spite of increasingly difficult market conditions, the performance of Camco, under the leadership of Gil Tausch, surpassed that of most of its competitors in the oil services industry. Sales and profits both rose.

If you would like to know more about Pearson's activities please post the coupon for a copy of the 1985 Report and Accounts.



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International fraud in the City

The crime that can span a host of countries

By Clive Wolman

TYPES OF ORGANISED FRAUD

Activity	Examples
Lending	Advance fee fraud, shipping loan frauds, corrupt international practices.
Money transmission	Computer frauds to break the coding on teletrans.
Securities markets	Insider dealing in flags using offshore dealers.
Commodity markets	Frauds against private investors in Europe, VAT frauds involving gold bullion.
Venture capital	Advance fee and seed money frauds.
Insurance	Aviation and maritime fraud.
Trade	Cargo frauds, frauds against Export Credit Guarantee Department procedures.

"IT IS just the tip of the iceberg" is the most common reaction to the allegations of fraud in the City of London over the last six months.

But those involved in the prevention and investigation of fraud insist that the largest iceberg is not lurking beneath the tips exposed by the two most publicised scandals, in the Lloyd's insurance market and at Johnson Matthey Bankers before and after its collapse into the arms of the Bank of England 18 months ago.

Until no less than 40 fraud squad officers descended on JMB in the autumn in response to political pressure, relatively few police or private agency fraud investigations were focused on either corrupt bank lending practices or on re-insurance.

Of the alleged wrong-doings at JMB, its dubious shipping loans seem to be the only ones which represent a form of commercial crime causing widespread concern. According to Mr Eric Ellen, director of the International Maritime Bureau, the investigatory arm of the International Chamber of Commerce: "The banks' generosity with their loans to shipping has opened many opportunities for fraud."

In the depressed shipping market one growing fraud is for ship owners with large bank loans to divert some of their income into secret accounts so they appear to be making losses and are forced into bankruptcy. Another is for shipowners to take loans mortgaged on their ships but based on inflated insurance values and then to sink the ships.

But cargo is the target of the most common maritime frauds and the perpetrators are frequently foreigners who fly into London, set up phoney operations and leave (see panel).

Nearly all the complex, organised fraud in the City of London is international. Often the City provides little more than a setting for the crime. The fraudster's best safeguard against detection, or at least prosecution, is to ensure that his crime spans several different countries. Police are likely to put a fraud complaint low

According to Mr Vincent Carratu, who runs a private detective agency specialising in fraud, there are at least two major frauds of this sort being carried out in Europe at the moment.

The fraudster offers to put up a large amount of money himself as part of the joint venture. Good bank references are essential. One victim, when checking credentials, found that the fraudster had over £2.5m in his current account. Only later did it discover that the money had come from other companies that were also persuaded to provide seed money, on an "exclusive basis," for the same phoney project.

Shell banks are popular. They used to be based in the Caribbean, but a gradual tightening of regulations there has encouraged migration to the South Pacific islands. Some shell banks use the names of well-known international banks such as Midland to give the impression they are subsidiaries. They are particularly useful if the fraudster seeks credibility by suggesting that, for security, the victim pays his advance fee or seed money into an escrow account—at the shell bank.

To succeed, the fraudster has to conduct his operations in style. One fraudster has in the reception of his Swiss offices a model of one of his phoney developments while architects' plans for other, similar projects line his walls. He also uses a villa in the south of France for entertaining.

Through his lavish entertaining, the fraudster builds up contacts with whom he discusses his deals on an apparently genuine basis. He can then refer his victims to them for re-assurance. Fraudsters with Third World projects build up contacts with embassy staff as a way of reaching Government officials.

According to an official of one independent agency: "It is surprising how quickly you can reach the top in many Third World countries when you have the right contacts and the right type of product."

Once the finance is supplied, the more sophisticated fraudsters will give regular reports

down their priority list if both perpetrators and victims are foreigners.

The UK has lagged behind many Commonwealth and European countries in agreeing to mutual assistance treaties to facilitate the collection of evidence overseas, the interviewing of witnesses and the capture of criminals. As the Roskill committee on fraud noted in its report published in January, the investigation and prosecution of fraud in England is hampered by a mass of outdated rules and practices.

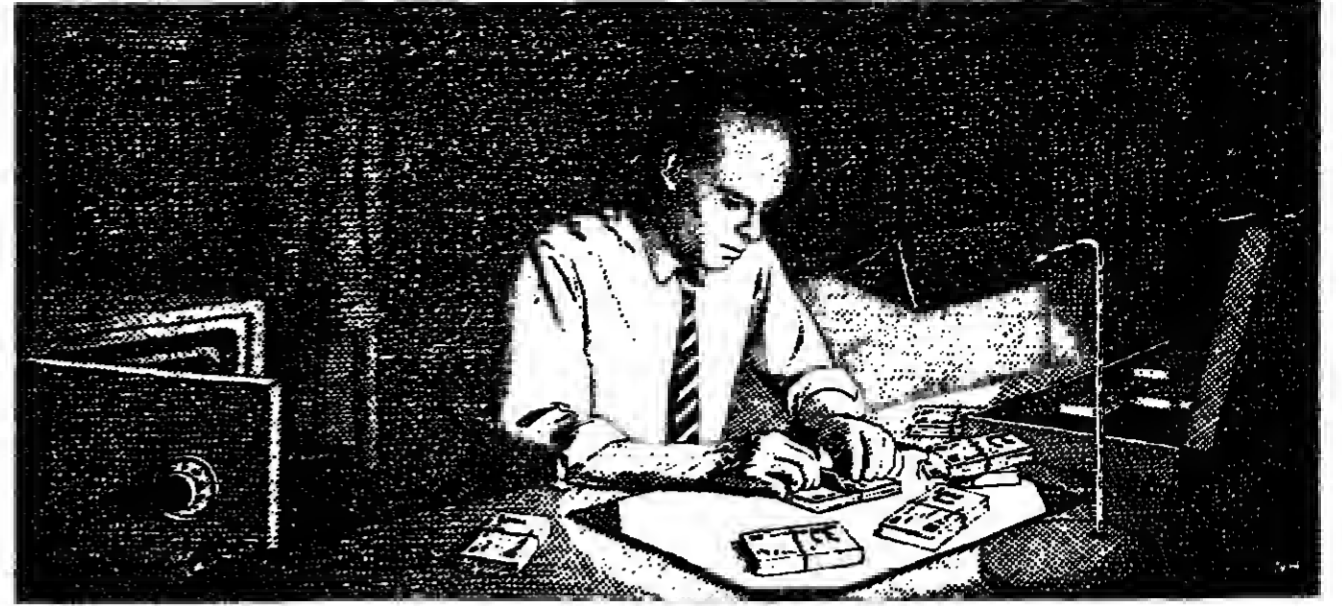
International fraudsters are also attracted to London as a centre of finance, trade and shipping. A central London office address makes it easier for the fraudster to gain credibility and to impress potential victims. The lack of exchange controls and of regulations on setting up a business add to the attractions of the UK. For example, no registration is required when two foreigners arrive and set up a partnership.

Perhaps the most audacious and fast-growing type of international fraud in recent years, which commonly exploits the City's reputation as a supplier of capital, is called advance fee or seed money fraud. It is often executed with such subtlety that the victims never realise that they have been de-

ceived. In the simpler versions, which reached the peak of their popularity between 1982 and 1984, the victim was usually the Government of a Third World country deep in debt. It offered to pay a fee in advance to a fraudster with impressive documentation to show he could arrange a large loan. But once he pocketed his fee, he disappeared.

In the more sophisticated versions, the victim pays money up-front to participate in a venture which fails to materialise. The venture is often a large property development or civil engineering project in a Third World country. The construction of hospitals and road systems in the Gulf and agricultural development plans in Africa are some of the more popular projects.

The victims are usually banks, financial institutions or large conglomerates with funds to invest and governments often become entangled as the guarantors of loans. Confronted by even tougher competition for the largest international contracts, corporate executives have become more willing to put up "seed money" for a project which, they are persuaded, has a reasonable chance of success. They are also persuaded not to talk widely about the project in case competitors get to hear,



on the difficulties the project is facing and explain the reasons for the delays. After a year or so, the fraudster may admit that the project has failed and return a small proportion of the original investment which, he says, is what remains after all his expenses. The company usually suspects nothing. "Some companies refuse to believe that they have been defrauded."

In contrast to these new forms of international fraud, the more traditional forms of

City fraud have been declining, in particular those against the investing public. The most audacious and bizarre was perpetrated by a Warwickshire boffin called Keith Hunt who employed 120 staff, including 40 researchers to examine chart patterns, until he disappeared three years ago after an early morning car chase. But international commodity frauds have been more important with losses, some police estimate, of more than £100m. Two years ago more than 50 commodity firms that were telephoning

overseas clients from offices in London were suspected of fraud. Many were firms run by Germans who were defrauding other Germans of money concealed from the tax authorities. Not surprisingly, the police showed little enthusiasm to investigate, although three Germans were extradited last year and are now facing a highly complex trial along with about 25 others. They are accused of pocketing virtually all the money that was sent to them to be invested in gold.

THREE EXAMPLES OF HOW IT TOOK PLACE

● NEARLY two years ago, two brothers from India flew into London and set up in business as shippers. They operated as a partnership from a rented flat and used a photo-copying shop in New Cavendish Street in the West End as their postal address.

They arranged a \$200,000 shipment of tinned food to an importer in the United Arab Emirates from a UK supplier and were paid cash on delivery. A second shipment was arranged with a value of \$500,000 and again they were paid cash on delivery.

On the third occasion, the shipment, this time worth \$1.3m, was financed by the use of letters of credit. These were issued by the bank of the Arab customers to the Indian shippers. The two brothers filled the containers with rubbish and at the port were given bills of lading and the other documents they needed to cash their letters of credit. They then transferred most of the \$1.3m to a numbered Swiss bank account and took the next aeroplane out of the UK to

India. They left at the photocopying shop a forwarding address in Rio de Janeiro. The men knew they were unlikely to be brought to justice even if the British police had taken an interest because of the lack of an extradition treaty between the UK and UAE.

However, they used about 15 per cent of the money to buy a house in Connaught Square, Mayfair, which was registered in the name of one of their wives. The International Maritime Bureau managed to trace the ownership of the property about six months ago. They obtained a court order to seize the house and have now sold it off and sent the £140,000 proceeds to the defrauded UAE customers.

● THE small states in southern Africa are often the victims of fraud organised by groups in South Africa. About three years ago, the fraudsters approached the government of such a state with a grandiose plan to set up a giant gambling centre

that would attract visitors from all over the world. The project would include building hotels, casinos and a new international airport, and establishing a national airline.

The government enthusiastically approved the scheme. By introducing various plausible contacts, the fraudsters succeeded in extracting money not only from the government but also from five companies, including two large UK trading and international development companies. Their total haul was at least \$5m.

The address of the airline they said they were setting up was in Florida. It turned out to be a deserted single room above a take-away food shop. The forwarding address led nowhere.

● A BLUE-GRIP UK conglomerate which owns a large hotel chain was last year the target of one advance-fee fraudster from Australia. After carrying out various frauds in south-east Asia, about a year ago he moved

his base to Monte Carlo and set up his operations in Europe as a property developer and financier. He acquired all the necessary embellishments, a yacht, expensive cars and a shell bank in the Pacific island of Nauru.

The conglomerate planned a large extension to one of its London hotels. The fraudster, through an intermediary he has worked with for many years, offered to arrange the financing. One of his terms, which were agreed in principle with the finance director of the hotel chain subsidiary, was that the company should give him £750,000 as an advance payment. The money was to be handed over in tranches but he could have pocketed about £200,000 before anything suspicious occurred.

At a late stage in the negotiations, about four months ago, the company asked the police whether they had any records on the man, and was told no. But it was tipped off by a semi-official agency and cancelled the deal.

The BMW 5-Series. The dynamics of quality.



These days few people still buy cars purely for their prestige value. Even in the top luxury class, size and comfort-related features are no longer the only decisive criteria. And it's not going to change in the future.

The luxury will have to include a high level of technological sophistication and engineering quality.

Fortunately, BMW anticipated this shift in attitude years ago. And that's one reason why BMW is so successful in the international market.

BMW's quality philosophy. A tried and tested, all-embracing concept and a model range that's tailor-made to suit your individual requirements.

Each and every model in the BMW 5-Series range gives you the opportunity to experience sophisticated high-performance motoring.

The BMW 6-cylinder concept with its exceptional running refinement is available on all 5-Series models of 2 litres and above.

Advanced electronic fuel injection for consumption economy and, therefore, a lower level of harmful exhaust emissions starts with the BMW 518i.

The BMW 526i, 535i and M535i don't only offer you all the advantages of the very latest safety electronics, like the BMW 4-sensor anti-lock braking system as standard. They also feature the BMW Airbag system as an option.

And then, of course, there's the correspondingly exceptional performance of the BMW 5-Series suspension system. It uses top-line 7-Series technology. And, it can tame the astonishing 286 bhp of BMW Motorsport's M5, just imagine the safety margin it offers the driver of a 125 bhp 520i.

For even greater individuality and freedom of choice, BMW now also offers the "no-chrome" option—for those committed drivers who go for top technology and high performance in the guise of the professional understatement.

So if you opt for a 5-Series car, you can be confident that you're acquiring a proven, contemporary masterpiece of high-performance motoring. Test drive your choice from the wide range of BMW 5-Series models soon. You'll quickly discover the quality of the better concept.

BMW—Sheer driving pleasure.



April 14 1986

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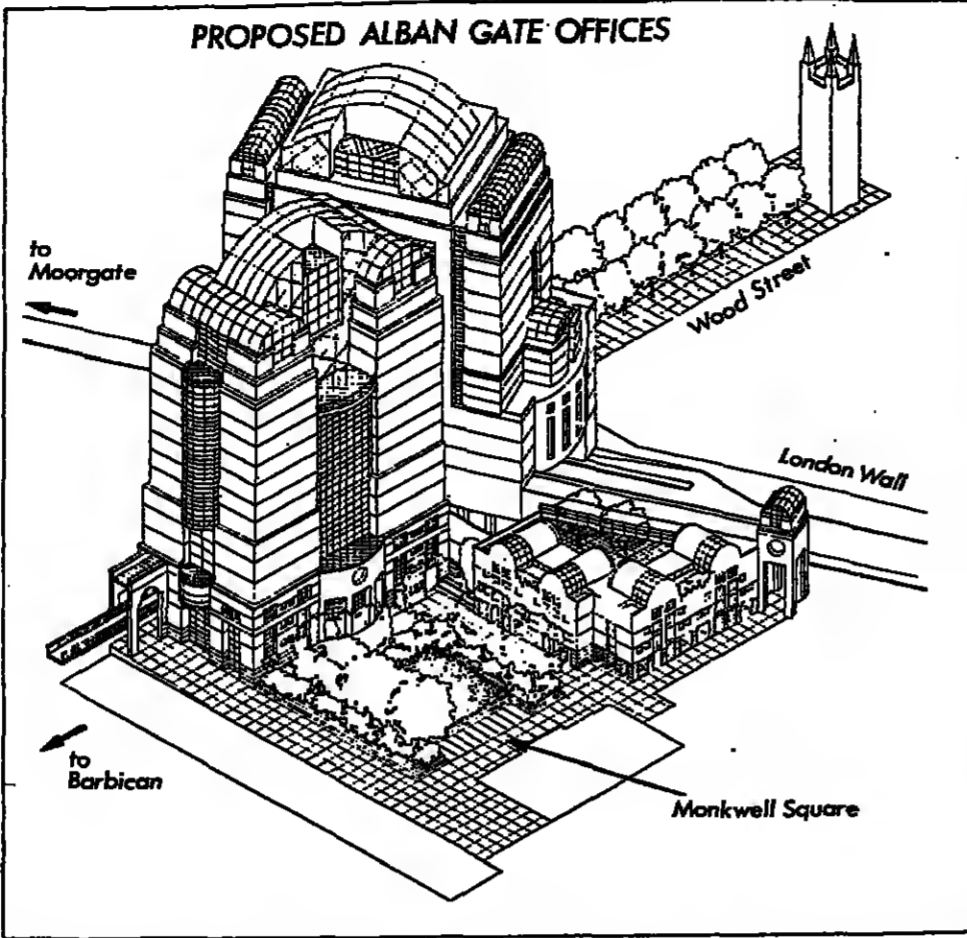
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THE ARTS

Architecture/Colin Amery

First steps to replace City's ugly buildings

The City of London made some bold moves after the Second World War. The decision to build the Barbican as a residential enclave with an arts centre, fringed by the office towers of London Wall, was an enlightened one. Those were heady days after the Blitz when people believed with an incurable optimism that planning was going to create a better world.



MEPC chairman Christopher Benson was announcing his company's intention to apply for planning permission to demolish the first of these redundant creatures of the 1960s, Lee House, which stands at the north-east corner of London Wall and Wood Street. They aim to replace it with a new office building that would incorporate a large new tower built across the London Wall itself, utilising the air rights of the highway. This is a major breakthrough. It represents overdue recognition that City architecture of the late 1950s and early 1960s is in general inadequate, ugly and now totally inefficient.

and focuses its entrance on Wood Street. There he would place escalators to take pedestrians into an improved podium with shops and restaurants under cover. The new square at the tower's foot would have houses and improved landscaping.

American Ballroom Theatre/Sadler's Wells

Clement Crisp

Take four fine ballroom dancing couples, an orchestra on stage, some of the best tunes and dances of the last 40 years, and you have what the Wells is to show for the next week — an evening of great charm. And nostalgia, of course, as the couples swing and sway and mambo dazlingly through their routines. These are, in themselves, of more than usual interest in that they have been choreographed by John Roudie, a veteran of ballroom dancing, able to catch the various styles of the evening with an unforced facility of means.

Delmé String Quartet/Goldsmiths' Hall

Paul Driver

The 273rd presentation by the City Music Society at Goldsmiths' Hall was of a programme played by the Delmé String Quartet on Thursday. In a beautiful environment, with an acoustic excellent for string chamber music, and against an impressive background of gold plates, the quartet gave ravishing accounts of Haydn's G major work Op. 54 No. 1, Sibelius' Voces intimes (OP. 56), and a piece commissioned by the Society, Malcolm Singer's Quartet for Strings, being heard for the first time.

Gelsey Kirkland/Covent Garden

Clement Crisp

Returned on Friday night to the Royal Ballet as guest, Gelsey Kirkland brings an exquisitely pure and free technique to the role of Juliet which she first danced at Covent Garden in 1980. This American ballerina's statement of the choreography in the ballroom, and above all in the balcony scene, cannot be faulted. Her child-like body, tendril arms and ecstatic legs cutting through the dance to Juliet's soul, are the most eloquent advocates for the role of a young girl, who, in the hands of Miss Kirkland, runs to Friar Laurence, with long-paced steps the eager impulse for movement. It is to see a being as flutteringly borne on the air as the silk cloak that flies behind her.

Paul Roberts/Wigmore Hall

Dominic Gill

Paul Roberts specialises in the French repertoire, but he is not a very French-sounding pianist: the sonority is tough and rather hard, without much depth of tone-colour, or fine balance of inner voices; the manner is efficient rather than evocative, well-worked rather than engaging. His recital programme on Friday night was subtitled "Cross Currents of France and Spain", and included some moroccos of Skryabin (though the French influence is more marked in Skryabin's titles than in the music), a selection of Debussy Preludes (curiously missing out the "obscure" thematic "Puerta del Vino" together with the Soirée dans Grenade, Albeniz's Rondena from Iberia, and Ravel's Alborada).

Parsifal/Coliseum

Andrew Clements

Joseph Herz's production of Parsifal, which opened at the Coliseum on March 15, ends its initial run next Saturday. For the last two performances Lionel Friend replaces Reginald Goodall, though the cast is unchanged. On the first night, however, Warren Ellisworth was unable to sing Parsifal, and the role of his replacement by Siegfried Jerusalem, singing in German, has been widely retailed. Ellisworth rejoined his colleagues at the third performance, and on Friday there was no trace at all of any residual vocal troubles.

Patrick Donnelly wins Glyndebourne opera award

The Ezzo/Glyndebourne Touring Opera Singers' Award for 1985 has been given to the baritone Patrick Donnelly who sang Neptune (Idomeneo) and Theseus (A Midsummer Night's Dream) on GTO's tour last autumn. The Award will enable him to go to Vienna for a period of intensive coaching with Otto Edelmann before he returns to Glyndebourne when he will join the Chorus and sing the role of Lictor (L'incoronazione di Poppeo) during the Festival and Masetto (Don Giovanni) with GTO in the autumn.

Madhur Jaffrey to play Medea

The Indian actress Madhur Jaffrey is to make her London stage debut in the title role of Euripides' Medea, which will open at the Lyric Theatre, Hammersmith on May 30 for a limited season ending on July 5.

Saleroom/Antony Thorncroft

Gilbert comes good

Sir Alfred Gilbert was his own worst enemy. He had the art world and society generally at his feet in the 1890s and was regarded as the greatest British sculptor ever: the centre of London was crowded with his Eros. Eventually his casual treatment of clients — he paid for work he never got round to producing — led to disgrace and exile.

Arts Guide

Table listing arts events by city and date. Columns include City, Date, Event Name, and Details. Cities listed include London, Brussels, Paris, Netherlands, and Washington.

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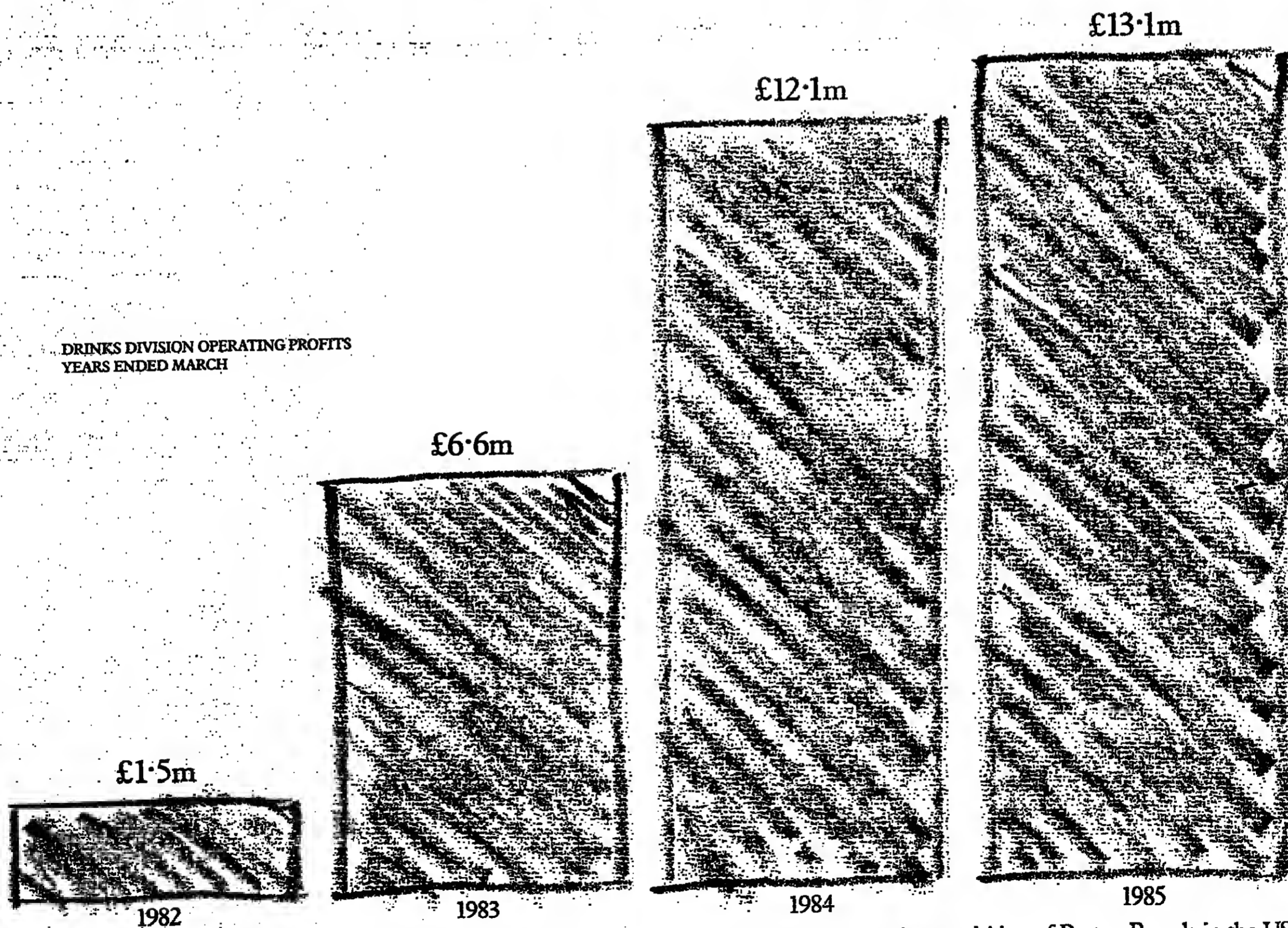
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of April 1, 1973, under which the above described Notes were issued, Comalco Limited has elected to redeem on May 14, 1986 all of its outstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus a accrued interest to the redemption date.

Dated: April 14, 1986

COMALCO LIMITED

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A rather impressive bar chart from our drinks division.



Argyll has managed ADP since August 1979. Since then, we have built a business which, with the acquisition of Barton Brands in the US, has grown from minimal profits to £13.1 million in 1985.

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.6bn
reduced

"THERE IS a war fever in Washington," said an American official who must remain anonymous. President Reagan has branded Colonel Gadhafi the "mad dog of the Middle East," and has dropped a heavy warning that the US may take military action against Libya as punishment for recent terrorist attacks in Europe. One American aircraft carrier has been ordered to cancel its departure from the Mediterranean, and another has been ordered to cancel a visit to a French port. Following the air-raid between US and Libyan forces in the Gulf of Sirte last month, it looks as though the US Administration is gearing up for another opportunity to give the Libyans a bloody nose; who knows, it may even happen before this appears.

Foreign Affairs

How not to deal with the terrorists

By Ian Davidson

It is a mistake to think that Col Gadhafi had it coming to him. For too long he has been a disruptive and dangerous influence in the world. American arguments that his resistance has been in recent terrorist attacks are inherently plausible in the case of the killing of WPC Valerie Fletcher in St James's Square in 1984, there was no shadow of doubt; now the US claims to have clear (or fairly clear) evidence of Libyan involvement in the Berlin disco. But to go on from there to argue that the right response is a military reprisal, is to make several large leaps of reasoning and policy.

In the first place, there comes the question who are the guilty men, and what is the evidence? The US says it has clear evidence against the Libyans in the case of the Berlin disco. It has not been published, perhaps for legitimate intelligence security reasons, but OK, let us assume that it is pretty hard. But what about all the other recent terrorist attacks: the killing of Et Al in Vienna, the bombing of the West German airports in late December, the three bombs in Paris in February, the Champy Elvies bomb in March, the TWA bomb at the beginning of this month, to mention but a few? If all these are down to Col Gadhafi, how do we know? If only some of them go back to the Libyan connection, who was behind the others?

If one digs down just a little bit, a number of things emerge—and they are not clear and categorical answers to these questions. The fact is that American intelligence information is, to a large extent, unavoidably circumstantial and probabilistic. Policy-makers like to get their hands on facts, but intelligence services rarely get complete collections of cast-iron facts which resemble a mathematical proof. For example, the US recently published a report on Soviet non-compliance with various arms control agreements; of the 18

specific charges, only nine were classified as categorical violations; the other half were classified "probable violation," "possible violation," "ambiguous" and the like. The epistemological problem is unresolvable.

Second—and this is where the waters get much murkier—American officials will concede that Col Gadhafi's Government does not necessarily orchestrate the terrorist attacks that it may not even know in advance what targets will be attacked by what individuals; that there may be a necessary national-link between the paymaster, the planners and the gunmen but that Libya does provide money, arms and training for terrorists. In other words, the links in the chain of responsibility leading to Col Gadhafi are in many cases frustratingly but unavoidably shadowy, and yet throughout the US foreign policy community, according to my American official, "there is no doubt in anybody's mind that he's as guilty as hell."

The trouble with the argument is not that it is wrong in its component parts, but that it leads the US to focus the spotlight on Gadhafi for reasons that are uncomfortably simplistic, even downright convenient, and in consequence to gear up for military actions which are likely to be irrelevant at best, counter-productive at worst. Gadhafi's face is the natural demagogical figure for President Reagan to scream abuse at. But if the object is to "go to the source" of terrorism, does the Administration believe that Gadhafi is the only source? Of course not; but he does happen to be the easiest and the safest target.

There are numbers of frag-

mented Palestinian groups which engage in terrorism; but they are hard to identify or locate. There are various Shiite groups, but the same difficulty applies. If the US wants to retaliate against individual terrorist groups, because they are too elusive, but against the states which sponsor and encourage them, then surely Syria (and Iran, for that matter) should come into the calculation; but the US simply dare not get into a fight with Syria, partly because it might be a more serious adversary, but mainly because it is too closely associated with the Soviet Union. Libya is a much safer target. Its Soviet patronage is more ambivalent, and it can easily be evicted from the sea.

Would a military attack on Libya be likely to bring about a change in the international behaviour of the Gadhafi regime, or would it be likely to bring about a reduction in the incidence of international terrorism? Almost certainly not; if anything, the contrary effect is more probable. A military reprisal would have to look like the first step in an ineluctable process of escalation to have any effect of exerting a deterrent effect on Col Gadhafi. President Reagan's policy scarcely affords to contemplate any such extended process; on the other hand, where terrorism is concerned, there is no such thing as a short, sweet, bloodless, conclusive victory, the surgical exploit of a sunny afternoon.

If Gadhafi were not deterred, an American attack might well lead him into even greater support for (anti-American) terrorism; if he were deterred, he is not the only source of money, arms and training for

terrorists, and other sponsors in the Arab world might respond with more intense terrorist activity, again primarily against American targets.

The curious thing is that the flexing of military muscle is almost diametrically opposed to the central thrust of the anti-terrorist doctrine formulated by the Administration barely a month ago. The Vice-President's Task Force on Combating Terrorism explicitly called for the option of retaliation and military force, but in terms which underline the difficulties and drawbacks of such a course of action.

"The US Government," it says, "is prepared to act in concert with other nations, or unilaterally when necessary, to prevent or respond to terrorist acts. . . . A successful deterrent strategy may require judicious employment of military force to resolve an incident."

But it adds a number of important qualifications and caveats.

"The US will resist the use of terrorism by all legal means available."

"If there is evidence that a state is mounting or intends to conduct an act of terrorism, the US will take measures to protect its citizens, property and interests. . . . (my italics)"

"US policy is based upon the conviction that to give in to terrorists' demands places even more Americans at risk. This non-concessions policy is the best way of ensuring the safety of the greatest number of people."

"Our principles of justice will not permit us to reward terrorism against groups or countries. However, when perpetrators of terrorism can be identified and located, our policy is

to act against terrorism without surrendering basic freedoms or endangering democratic values. . . . Because acts of terrorism vary so much in time, location, jurisdiction and motivation, consistent response is virtually impossible."

By contrast, the unqualified action-recommendations in the report are quite different in kind:

- 1—Strengthen the security of US installations, and reduce US personnel in dangerous areas.
- 2—Strengthen international co-operation, an civil aviation and maritime affairs, inter alia.
- 3—Close extradition loopholes, as with the new US-UK treaty.
- 4—Impose sanctions on countries which violate the Vienna Convention on diplomatic privileges.
- 5—Strengthen airport and port security.
- 6—Strengthen intelligence-gathering, and the sharing of intelligence with other governments.
- 7—Make the murder of US citizens a Federal crime, and establish the death penalty for hostage murders.

In short, the US Administration knows as well as anyone else that the only effective measures against terrorism are also the only ones which are unambiguously consistent with the basic values and democratic freedoms of an anti-terrorist society; they do not rely on the spectacular unleashing of military fire-power, but are time-consuming, laborious and inconspicuous, and are carried out by policemen, not fighter pilots. "The trouble with the war fever in Washington," said the American official, "is that it makes the sanest people say the un sanest things."

Lord Carrington, Secretary-

Lombard

The new creed of Bakerism

By Anatole Kaletsky

IT IS the kind of sea-change in economic thinking that usually takes years to gather strength and even longer to perceive clearly. But the pace of history appears to be quickening; after a mere half decade of world domination, the ideology of laissez faire is everywhere in retreat.

Three international events in recent weeks have unmistakably underlined the new trend. The first, ironically, was a response to what may be the last great pyrrhic victory of international market forces: the collapse of oil prices, which had US Vice-President George Bush calling for Saudi efforts to stabilise the oil market.

A few days later there was the smooth and successful realignment of the European Monetary System—the most convincing proof to date that governments can rule the foreign exchange markets if they behave in a co-operative and reasonable manner.

Finally, there was last week's decision by the IMF Interim Committee in Washington to set and monitor "objective indicators" for growth, inflation and monetary and fiscal policies in the major industrial countries.

It seems that nobody in Washington even thought of suggesting that all such initiatives were heretical and doomed to failure; that "the magic of the market" left unaided, would reconcile divergent international policies in the best possible way. As for the theory that governments are powerless to influence their countries' growth rates through demand management—even Mr Nigel Lawson now reserves this fatalism entirely for domestic consumption. At international meetings he is the first to lecture the Japanese on the need for macroeconomic reforms to promote growth and free trade.

In retrospect, it seems clear that the arrival of Mr James Baker at the US Treasury was the event which heralded the new thrust in economic thinking. In fact the change was evident even without hindsight; an FT leader exactly a year ago, just after Mr Baker's appointment, was headlined "Farewell to laissez faire."

Curiously, Mr Baker's personal prominence has tended to obscure the true significance of the changes which are taking place. As a loyal servant of President Reagan's, Mr Baker has deliberately downplayed the contrast between the theory of Reaganomics and the practice of Bakerism. Even more importantly, the world's unshakable belief that America dominates the international economy in its own interests, has produced a general cynicism about what is going on. Market forces were encouraged as long as they worked in the US interest; as soon as the markets turned against America, America simply rewrote the rules of the economic game.

The reality, however, is less simplistic and more interesting. The world's economic ideas do not automatically come with a Made in America label. The ideology of hairshirt laissez faire which now appears to be waning was rightly identified around the world with Mrs Margaret Thatcher even more than with President Reagan. If the whole world is now edging away from laissez faire, it is not just because Mr Baker is pushing in that direction.

Most of the industrialised countries have reached the point where laissez faire has served its purpose. All over the world, Thatcherism was introduced as an antidote to excessive expectations. Governments had managed for 20 years to maintain full employment. But they were being called upon to produce too much—rising living standards, higher pensions, greater equality, more leisure, a better environment—at the same time.

Inflation was the signal to re-establish the limits of governmental action and remind societies that the market does impose some economic constraints. Now that this message has sunk in, the world may be ready to move on from Thatcherism to Bakerism. The market is still all-important. But it is now an indispensable servant—not an implacable master.



Schooling standards

From Professor S. Pruis
Sir—Michael Dixon is right (April 10) to look abroad for lessons in schooling efficiency but what he says on Germany needs to be amplified.

The curriculum and the distribution of the school timetable among various subjects is centrally prescribed for each type of school in each Land; there is also a list of approved textbooks for each class which covers the prescribed curriculum for that class—and a fair choice of textbooks is available in England none of this applies; and the school-leaving examination is the sole device available for influencing—and then only to a limited extent—what is taught throughout the 11 years that a child spends in compulsory schooling.

Pupils not reaching prescribed attainments at the end of each school year in Germany are required to repeat that year. Here, on the other hand, there is automatic promotion from one class to the next. This needs to greater variability of attainments; and to greater difficulty in teaching.

In most Länder centralised external leaving-examinations comparable to our O-levels are set for Realschulen, the schools for the middle range of ability. For pupils below that level of attainment (ie corresponding to our CSE and below), centralised written tests are set in Bavaria—and with exemplary results. It is only for examinations at *Gymnasiums* schools (catering for university-transferees) that it is wholly correct to say that they are set internally by each school; but it is precisely for the corresponding category of pupils in England, with their externally-set A-level examinations that attainments in England are generally regarded as superior to those in Germany.

I agree with Michael Dixon in doubting whether the new GCSE will wholly solve our schooling problem. But the reason—in my view—is not that we can manage without external examinations, but rather that merely changing leaving-examinations will not go far enough towards ensuring efficiency in teaching at these ages.

(Professor) S. I. Pruis
Institute of Economic and Social Research,
2, Dean Trench St. SW1.

Letters to the Editor

Land and Range Rovers
From Mr J. Moulton
Sir—Mr Phillip Oppenheim MP (April 2) makes a number of points about Land Rover that require comment and correction.

Land Rover, and also Range Rover, are not to use his words "struggling to find a niche" in world markets. These products have a long and well established position in those sectors of the market that require vehicles that will cross difficult terrain better than any other; carry higher payloads or more passengers than others; last longer than other models; and that will, through Range Rover, deliver an all round level of performance unmatched in style or panache by any other vehicle. It is these features which provide Land Rover with a cost of ownership which is very competitive.

Mr Oppenheim offers no evidence to support his contention that Range Rover "is unlikely to do well" in the US Range Rover already sells well in the UK, in Europe, the Middle East and in Australia. It has a well defined position as a luxury 4 x 4 product. This is widely acknowledged in the automotive industry, evidenced by the growth record and is well recognised by potential customers and dealers in the US.

It is true that Japanese manufacturers have developed lighter duty cheaper products and that they have expanded overall sales of 4 x 4 vehicles. The present trend to 4 x 4 drive lines on cars as well as on/off road vehicles will expand the overall 4 x 4 sector still further. Many cars substitutes are purchased as car substitutes—some even are purchased as Land Rover substitutes. Whether they actually provide better value over time, despite their lower initial purchase price, is an issue that will depend on users' requirements and perceptions. But it can be said that Land Rover (and Range Rover) unit sales in the US have increased in recent years and that the company remains the dominant supplier in an expanding market for 4 x 4 vehicles.

Mr Oppenheim claims that "the range desperately needs modern petrol and diesel engines to replace the 30-year old four cylinder units." Land Rover has made (in the past two years) significant improvements to its engine range. All

the engines presently deliver first class off-road performance (this is one of their strengths) and significant progress has already been achieved in improving road performance. The fact of the matter is that GM does not possess a strong commercial vehicle franchise in Europe, and the best immediate prospect of promoting Leyland Trucks sales in Europe probably rests with the marketing agreement recently reached with DAF Trucks. DAF already possesses an established commercial vehicle distribution and dealer network in the major European markets. GM would be dependent upon one in the UK, as the condition of a deal with Leyland Trucks, somewhat unattractive.

GM has already (during 1985) approached MAN in Germany and ENASA in Spain without reaching agreement on an acquisition. Neither of these GM initiatives involved acquisition of a 4 x 4 business. This makes GM's insistence on one in the UK, as the condition of a deal with Leyland Trucks, somewhat unattractive.

I remain of the view that a Leyland Trucks-Bedford merger would be beneficial for the UK truck industry, so it need not be the only future for Leyland Trucks. There are alternatives which are more interesting in exploring them.

Jon Moulton,
Schroder Ventures,
5 Queen Street, EC4.

Shock-horror and conservation

From Mr J. Wolford
Sir—Last readers mistake the shock-horror-drama element in the title of your otherwise excellent review (April 5) of the Domesday exhibition at the Public Record Office for the alleged horror of conservationists at the rebirth of the two, Great and Little, Domesdays into five volumes, may I be permitted a few words on the subject?

The decision to rebind in slimline volumes was taken only after extensive consultation with conservators who were all but unanimous that it was the tightness necessitated by binding so many leaves in two volumes that was responsible for the slight abrading of the text along some of the inner edges of the leaves. In these circumstances it seemed pedantic to continue rather than presumptuous to change a tradition for which there is little contemporary justification.

John Wolford
(Press Officer)
Public Record Office,
New, Richmond, Surrey.



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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday April 14 1986

INTERNATIONAL BONDS

Tone set by hopes of further discount rate cuts

BY CLARE PEARSON IN LONDON

"DISCO FEVER", loosely translatable as "growing investor speculation about further discount rate cuts," was the description given by one trader of the tone of the Eurobond market last week. In particular, on the bank of the removal of the uncertainty ahead of the European Monetary System's realignment, the Euro market enjoyed a bonanza week.

A period of frustration for Euro investors thwarted by short-term interest rates of around 11 per cent, making bond holdings prohibitively costly to fund and borrowers dismayed by an absence of swaps, came to an end as the devaluation of the French franc allowed short-term rates to fall. The market surged ahead on a wave of "disinflationary euphoria", as one banker put it.

In the course of this, some traditions in Euro Eurobond market practice were broken down, enhancing the increasing maturity of this sector.

Notably, the traditional informal

calendar - effectively the "once a day is enough" rule - operated by the Belgian banks was side-stepped.

On Thursday Morgan Guaranty jumped the queue and followed the day's scheduled deal for Bacob Finance with an issue for the Republic of Ireland. Belgian banks were initially thought to be outraged and none joined the management group, but they were reported on Friday to be buying Ireland's bonds in significant volume.

On Friday the time-tabled issue for the Vienna bank Girozentrale was joined by an issue for Italy. Kredietbank, one of the operators of the Belgian informal cartel, featured as senior co-manager in this second transaction.

The 7 per cent yield, supposed to mark a resistance level in this market, was breached by Italy's zero coupon bond which with a 10-year life and a price of 22 giving a yield to maturity of below 7 per cent. The bond traded at a discount to issue price slight enough to maintain this

situation. Meanwhile, demand was so strong that the issue was increased from by Ecu 100m to Ecu 400m nominal. Sanpaolo Bank ran the books with Merrill Lynch as co-lead.

The week's Euro offerings highlighted the movement of the investment axis away from retail and towards institutional investors which has developed as larger and more liquid issues have been launched. The legendary Belgian dentist with his preference for household names has been an out-of-date stereotype in the Euro market for some time. The fact that of the six issues only one, for Bacob, the Belgian savings bank, was obviously his cup of tea, testifies to his diminishing importance.

Dealers expect this week to produce further primary activity but a calmer approach to seasoned issues, with a consolidation of the market at around the 7 per cent yield level.

The devaluation of their currencies within the European Monetary System ensured a buoyant week for French franc bonds, while those denominated in revalued currencies had a less exciting time. As against gains in prices of secondary French franc bonds of up to four points, D-Mark bonds added between a half and one point on the week.

Traders note underlying bullishness, and said that as Ecu coupons move down and hopes of a German

Boustead deeper in the red after S\$4m bad debt provision

BY CHRIS SHERWELL IN SINGAPORE

BOUSTEAD, the Singapore trading, engineering and transport company which is 54 per cent owned by Boustead of the UK, has recorded its fourth successive year of losses after a S\$4m (S1.8m) debt provision.

The provision has been made to cover debts incurred after the collapse of a Singapore stockbroking firm.

Boustead's 1985 results confirm that the company is yet another casualty of the Singapore stockbroking crisis precipitated last November by the crash of Pan-Electric Industries, the marine salvage, property and hotel group.

The bad debt provision was made by Boustead Services, a 100 per cent owned subsidiary which includes investment among its activities. The broking firm is understood to be Associated Asian Securities, now under the management of the stock exchange but previously headed by Mr Peter Tham, who was also a director of Pan-Electric.

MAN and GHH merge

BY RUPERT CORNWELL IN BONN

MAN has formally sealed the merger with its parent company GHH, with the promise of a sustained upturn in its fortunes, thus completing a sweeping overhaul of West Germany's and Europe's biggest engineering group.

Shareholders of MAN, whose DM 430m (S183.9m) capital was previously 75 per cent owned by GHH, approved at a special meeting the seven-for-six exchange of shares in

MAN for those of its parent. The new holding company for the reorganised group will be called MAN AG and will be based in Munich instead of the former GHH headquarters at Oberhausen in the Ruhr.

According to MAN's outgoing chief executive Mr Otto Voisard, orders in the first nine months of the company's year ending June 1986, were up 11 per cent.

EUROMARKET TURNOVER
 Turnover (\$m)

Primary Market	Strights	Conv	FRM	Other
US\$	3,729.9	1.4	507.9	318.5
DM	2,525.5	83.0	8.0	78.2
Other	2,496.2	-	21.6	84.4
Prvw	2,248.0	-	202.5	180.5

Secondary Market	Strights	Conv	FRM	Other
US\$	24,916.4	1,187.4	8,118.5	4,916.1
DM	21,389.3	1,578.4	6,322.9	2,184.5
Other	11,218.7	188.0	1,427.7	2,028.5
Prvw	8,922.1	880.0	1,154.4	2,289.9

US\$	DM	Other	Total
19,848.2	29,454.4	43,402.0	92,704.6
8,700.2	24,401.2	35,279.9	68,381.3
7,403.4	8,015.0	15,455.4	30,873.8

Week to April 10 1986 Source: ABFI

Boeing upgrades prop-fan venture

By Michael Donne in London

BOEING of the US, which is developing its new JT7 twin-engine prop-fan airliner for service in 1992, has elevated this venture to the full status of a "division" within the company, headed by vice-president Mr James T. Johnson.

This is further evidence of the serious intent by Boeing to develop the revolutionary prop-fan venture.

Already Boeing has 600 engineers working on the JT7.

EURONOTES AND CREDITS

Quiet sighs of relief follow \$300m Bank of Greece deal

BY ALEXANDER NICOLL IN LONDON

AFTER the economic tremors which led to susterly measures last year, Greece's return to the syndicated loan market has been nervously awaited by its key bankers.

When the terms on a \$300m deal for the Bank of Greece emerged on Friday, however, there were quiet sighs of relief. Although such a deal is difficult to price when fears of a rescheduling of the country's \$13bn foreign debt are still recent, the feeling among many bankers was that interest margins were fair.

The loan is for eight years with five years' grace and has a spread of 1/2 point above London interbank offered rates (Libor) with a commitment fee of 1/2 point. Banks putting

up \$15m will have a management fee of 1/2 point. Citicorp is bookrunner with Arab Banking Corporation, Bank of Tokyo, Irving Trust and National Westminster.

The spread compares with 1/2 point, rising to 3/4 after three years, on a \$450m eight-year loan raised for Greece a year ago. Even though banks will be subscribing now without much evidence that last year's efforts to cut the balance of payments deficit and inflation are actually working, they may welcome the chance to put higher-yielding assets on their books.

Most resistance is likely to come from Japanese banks. Some say they are already close to their limits for Greece and that they are not

in any hurry to lend more given that the Bank of Greece, albeit a good name, is likely to be followed by lesser borrowers later in the year. By that stage, the economic picture may be clearer.

Meanwhile, Greece - which has not always been the easiest borrower for banks to deal with - will strive to bring long-term relationship banks into this deal.

The interest margin will, at any rate, be better than those on loans now in syndication for Hungary and the Soviet Foreign Trade Bank, although both of these are expected to meet no problems. The DM 1bn Soviet loan is on almost exactly the same terms as a successful \$250m syndication earlier this year, with bankers' only reservation that it may not be so easy for them to fund a D-Mark commitment at sub-Libor rates as for a dollar-denominated loan.

Amid this revival of traditional syndicated loan business, a mandate for a large deal for Ireland, expected to be \$300m to \$500m, is still awaited. The borrower is being encouraged not to set super-aggressive terms, even though the finely priced \$100m loan now in the market for its telecommunications concern is finding takers. There are also suggestions of an imminent loan for Aer Lingus.

A crop of British mandates emerged last week. A US subsidiary of Pilkington Brothers, the glass maker, is arranging a \$150m facility, of which \$100m is to be underwritten, through J. Henry Schroder Wagg.

The maximum that the borrower will pay on the 10-year financing is 15 basis points over Libor, plus a facility fee of 10 basis points for the first half of the period rising to 12.5 for the remainder. There will be a tender panel including both underwriting banks and several dealers who will not be underwriters.

The tender panel structure is also being used for a £100m facility for Abbey Life to fund its entry, in an atmosphere of red-hot competition, into the UK home loan market. Samuel Montagu is arranging the

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Algemene Bank Nederland N.V.	Merrill Lynch Capital Markets
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Nomura International Limited	Smith Barney, Harris Upham & Co. <small>Incorporated</small>
Bank Brussel Lambert N.V.	Bank Mees & Hope NV
Baring Brothers & Co., Limited	Crédit Lyonnais
Dresdner Bank	EBC Amro Bank Limited
Nederlandsche Middenstandsbank nv	Rabobank Nederland
Union Bank of Switzerland (Securities) Limited	S. G. Warburg & Co. Ltd.
Banca Commerciale Italiana	Banca del Gottardo
Bank Julius Baer & Co Ltd.	Bank Leu International Ltd
Bank Leumi Le-Israel (Switzerland), Zuerich	Banque Générale du Luxembourg S.A.
Banque Indosuez	Banque Nationale de Paris
Bayerische Landesbank Girozentrale	Bayerische Vereinsbank
Bergen Bank A/S	Berliner Handels- und Frankfurter Bank
Commerzbank Aktiengesellschaft	Compagnie de Banque et d'Investissements, CBI
County Securities Limited	Crédit Commercial de France
Delbrueck und Co	Deutsche Girozentrale
Enskilda Securities	Robert Fleming and Co Limited
Girozentrale und Bank der Oesterreichischen Sparkassen	HandelsBank N. W. (Overseas) Limited
Hessische Landesbank	Hoare Govett Limited
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	Lloyds Merchant Bank Limited
Merck, Finck & Co.	Samuel Montagu & Co. Limited
Norddeutsche Landesbank	Sal. Oppenheim jr. & Cie.
Österreichische Länderbank Aktiengesellschaft	Privatbanken A/S
J. Henry Schroder Wagg & Co. Limited	Sumitomo Trust International Limited
Svenska Handelsbanken Group	Swiss Cantonalbanks
Trinkaus & Burkhardt KGaA, Duesseldorf	Vereins- und Westbank
Westdeutsche Landesbank	Wood Mackenzie & Co. Ltd.

6,850,000 Shares

The above shares were underwritten by the following group of U.S. Underwriters.

Merrill Lynch Capital Markets	Smith Barney, Harris Upham & Co. <small>Incorporated</small>
	Algemene Bank Nederland N.V.
	Pierson, Heldring & Pierson N. V.
Bear, Stearns & Co. Inc.	The First Boston Corporation
Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenrette
Hambrecht & Quist	E. F. Hutton & Company Inc.
Lazard Frères & Co.	Montgomery Securities
PaineWebber	Prudential-Bache
L. F. Rothschild, Unterberg, Towbin, Inc.	Robertson, Colman & Stephens
Shearson Lehman Brothers Inc.	Wertheim & Co., Inc.
Allen & Company	Arnhold and S. Bleichroeder, Inc.
Oppenheimer & Co., Inc.	Thomson McKinnon Securities Inc.
Robert W. Baird & Co.	Bateman Eichler, Hill Richards
Blunt Ellis & Loewi	Boettcher & Company, Inc.
Cowen & Co.	Dain Bosworth
Eppler, Guerin & Turner, Inc.	First of Michigan Corporation
Ladenburg, Thalmann & Co. Inc.	Cyrus J. Lawrence
McDonald & Company	McLeod Young Weir Incorporated
Moseley, Hallgarten, Estabrook & Weeden Inc.	Neuberger & Berman
Piper, Jaffray & Hopwood	Prescott, Ball & Turben, Inc.
The Robinson-Humphrey Company, Inc.	Rotan Mosle Inc.
Stifel, Nicolaus & Company	Sutro & Co.
Wheat, First Securities, Inc.	Brean Murray, Foster Securities Inc.
Crowell, Weedon & Co.	R. G. Dickinson & Co.
First Albany Corporation	First Manhattan Co.
Gruntal & Co., Incorporated	J. J. B. Hilliard, W. L. Lyons, Inc.
Howard, Weil, Labouisse, Friedrichs	Interstate Securities Corporation
Jesup & Lamont Securities Co., Inc.	Johnson, Lane, Space, Smith & Co., Inc.
Johnston, Lemon & Co.	Josephthal & Co.
The Milwaukee Company	Morgan, Keegan & Company, Inc.
Parker/Hunter	Rauscher Pierce Refsnes, Inc.
Reinheimer Nordberg Inc.	Richardson Greenshields Securities Inc.
Underwood, Neuhaus & Co.	Wedbush, Noble, Cooke, Inc.
D. A. Davidson & Co.	Doft & Co., Inc.
Fox-Pitt, Kelton Inc.	Keane Securities Co., Inc.
Philips, Appel & Walden, Inc.	Scott & Stringfellow, Inc.
Swergold, Chefitz & Sinsabaugh, Inc.	Van Kasper & Company
	Edward A. Viner & Co., Inc.
	Alex. Brown & Sons
	Goldman, Sachs & Co.
	Kidder, Peabody & Co.
	Morgan Stanley & Co.
	Salomon Brothers Inc
	Dean Witter Reynolds Inc.
	A. G. Edwards & Sons, Inc.
	Advest, Inc.
	Sanford C. Bernstein & Co., Inc.
	Butcher & Singer Inc.
	Eberstadt Fleming Inc.
	Janney Montgomery Scott Inc.
	Legg Mason Wood Walker
	Legg Mason Wood Walker

INTL CAPITAL MARKETS AND COMPANIES

Simmons raises bid for Sea-Land

By Our New York Correspondent
MR HAROLD SIMMONS, the Dallas-based businessman who has been seeking control of Sea-Land, the US container shipping group, for nine months, has raised his bid for the Sea-Land shares he does not already own by \$1 a share to \$26 a share in cash.

InterFirst cuts payout as oil slump hits customers

By PAUL TAYLOR IN NEW YORK
INTERFIRST, the Dallas-based banking group, proposes to cut its quarterly dividend to 2.5 cents a share from 15 cents. The group, which also announced an 86 per cent decline in first quarter net earnings, said the dividend reduction was a "prudent" step which would help preserve the group's capital base.

indicates the serious problems faced by banks in the deeply depressed Texas market. InterFirst said that its first quarter net earnings plunged to \$2.1m or 3 cents a share from \$15.1m or 23 cents a share a year ago. The group blamed the earnings reduction on the severe decline in oil prices and the impact of the energy slump on many of its customers. The banking group said its provision for loan losses in the latest quarter was \$52.2m and net loan charge offs totalled \$42.2m, resulting in an end-quarter reserve for possible loan losses of \$265m or 1.85 per cent of total loans, up from \$172m net loss. The latest mare

United Plantations to reduce dividend

By Wong Sulong in Kuala Lumpur
UNITED PLANTATIONS, the former Danish-owned Malaysian palm oil company, plans a big cut in dividends to conserve cash for a major expansion project. The dividend is going down to 5 cents a share for 1985, compared with 25 cents previously. The reduction in payout follows approval by the Malaysian authorities for the acquisition of 25,000 acres of jungle land from the Perak State Government for a cash payment of 25m ringgit (\$9.6m). UP said in view of the substantial capital required for the jungle development, it was prudent to conserve earnings.

Belgian holding groups to link

By OUR FINANCIAL STAFF
TRACTIONEL, the Belgian energy, property, chemical and foods holding company, is to push through its planned merger with Electrobel via an 11 for 4 share swap. After the deal, proposals for which were first mooted last December, capital of the enlarged group would be BFr 15bn (\$16m). The merger has to be ratified by both sets of shareholders. The two companies, both major Belgian holding groups, have a combined portfolio value of around BFr 56bn.

in some US concerns, including Unocal and Panhandle Eastern. Income from dividends and interest rose 4.1 per cent to BFr 295 in 1984. The value of the investment portfolio rose 1 per cent to BFr 9.42bn. The company said it made investments during 1985 in several US companies, including Reynolds Industries

Trafalgar-Glen sells Minebea stake back to Japan

By CARLA RAPOPORT IN TOKYO AND LIONEL BARBER IN LONDON
JAPAN'S FIRST hostile takeover bid mounted from abroad has moved a significant step backward with the sale by Trafalgar-Glen, an Anglo-US investment group, of its shareholding in Minebea, the precision ball bearing company which had been its target. The predator refused, however, to acknowledge that this signalled an end to its pursuit of Minebea.

Y680 a share—a level which is believed to represent a considerable discount to the price originally paid by Trafalgar-Glen. The transaction marks a turning point in one of the most colourful episodes in Japanese financial history. Takeover bids in Japan are rare and are nearly always carried out behind closed doors until almost all the terms are agreed. Mr Terry Ramsden, of the London-based Glen, and Mr Charles Knapp, of the Los Angeles Trafalgar Holdings group, however, launched their bid nine months ago before informing either the company or regulatory officials. Mr Ramsden described the

sale of Minebea shares and convertible bonds as amicable, but he rejected suggestions that his plans for a hostile bid were finished. "Anybody saying this would be making pre-emptive statements," he said. Glen and Trafalgar still control a large proportion of Minebea sterling, dollar and Swiss Franc warrants, potentially representing more than 25 per cent of Minebea stock. Mr Ramsden said he had not exercised any of the warrants. Barings, Minebea's London adviser, said it understood this to be the case too. One warrant dealer in London said that "Trafalgar-Glen appeared to have a 'stranglehold' on the warrants since no

and the warrants may still be exercised. "We are very glad to see this agreement," said Mr Kenji Senoue, general manager for planning at Minebea. He added that the company's president, Mr Takami Takahashi, had helped negotiate the deal with Trafalgar Glen in London this week. He said that Mr Ramsden had contacted Baring Brothers in London and asked to sell. Mr Ramsden acknowledged that Minebea's successful acquisition of Kanezumi, a kimono and textile manufacturer, had blunted Trafalgar-Glen's approach by diluting its original shareholding. But Trafalgar-Glen intended to unscramble the deal in the Japanese courts.

NEW INTERNATIONAL BOND ISSUES table with columns for Issuance, Amount, Maturity, Av. Yrs, Coupon, Price, Book Name, and Offer Yield.

BBL Bank Brussel Lambert N.V./Banque Bruxelles Lambert S.A. advertisement including logos and a list of 40 international banks.

Ireland 9 3/8% Bonds Due 1996 advertisement featuring a harp logo and a list of 15 international banks.

UK COMPANY NEWS

Woolworth hits out at Dixons

BY TERRY GARRETT

THE brickbats continued to fly over the weekend in the battle for control of Woolworth Holdings, which is fighting off an unwanted £1.65bn bid from Dixons.

Extel chief fires salvo in Demerger bid battle

BY TERRY GARRETT

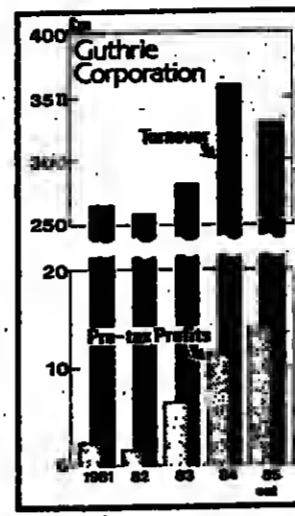
Mr Alon Brooker, chairman of Extel Group, has written to shareholders over the weekend claiming that the Demerger Corporation's £170m bid is based on "fundamental misunderstandings of Extel's business and markets."

Charles Batchelor looks at Guthrie, which plans a listing in June. A return in a different guise

FOR MORE than a century the elephant was the proud symbol of the trading and plantation empire which Alexander Guthrie founded in Singapore in 1821.



Jock Green-Armstrong, managing director of Guthrie Corporation



Green-Armstrong says Guthrie's plans for a public listing in June demonstrate the durability of the companies themselves. To be sure, Guthrie will return in a very different guise and under an almost completely new management.

trading company structure involving a myriad of intermediary holding companies was cleaned up. The present industrial companies have a fair degree of autonomy but Green-Armstrong is in almost daily touch, preferably by telephone.

EQUITIES

Table of equity prices for various companies, including Anglo Siam, Anglo American, Anglo Overseas, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks, including Anglo Siam, Anglo American, Anglo Overseas, etc.

RIGHTS OFFERS

Table of rights offers for various companies, including Anglo Siam, Anglo American, Anglo Overseas, etc.

PENDING DIVIDENDS

Table of pending dividends for various companies, including Anglo Siam, Anglo American, Anglo Overseas, etc.

Sedgwick talks off

Sedgwick Group, Britain's largest independent insurance broker, and Bayly, Martin and Fay International, the eighth largest US broker, have terminated their talks which could have led to a merger of the US broker with interests of Sedgwick.

Foundry loss hits Richards

A LOSS in the foundry division in the second half of 1985 has held back the recovery rate at Richards (Leicester), structural and mechanical engineer and ironfounder.

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends are interesting or not.

BOARD MEETINGS

Table of board meetings for various companies, including Anglo Siam, Anglo American, Anglo Overseas, etc.

SHARE STAKES

Changes in company share stakes announced over the past week include: British Home Stores - C. J. Kay, director, has sold an exercise of option 30,000 shares at 55p.

GRANVILLE & CO. LIMITED

Member of The National Association of Security Dealers and Investment Managers. 8 Lovat Lane London EC3R 5BP. Telephone 01-621 1212

Over-the-Counter Market

Table of over-the-counter market prices for various companies, including Anglo Siam, Anglo American, Anglo Overseas, etc.

Advertisement for Union Bank of Switzerland (Securities) Limited, International Issue Manager and Marketmaker, featuring Peter Engstrom as Deputy Managing Director.

REPUBLIC NEW YORK CORPORATION

US\$100,000,000 Floating Rate Notes Due July 2010. Notice is hereby given that for the period from April 14, 1986 to July 14, 1986 the Notes will carry an interest rate of 7 1/2% per annum.

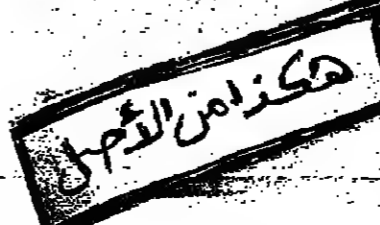
THE MORTGAGE BANK AND FINANCIAL AGENCY OF THE KINGDOM OF DENMARK

550,000,000 Guaranteed Floating Rate Notes Due 1994. Series 91. Unconditionally guaranteed by THE KINGDOM OF DENMARK.

THE HONG KONG AND SHANGHAI BANKING CORPORATION

PRIMARY CAPITAL UNDATED FLOATING RATE NOTES. Notice is hereby given to the holders of these Notes that copies of the Annual Report and Accounts of the Bank for this year ended December 31, 1985 are available at the offices of the Bank at 89 Shipplegate, London EC2.

Financial Times Stock Indices table showing Government Secs, Fixed Interest, Ordinary, Gold Mines, FT-Act All Shares, FT-2100, and Ladbroke Index for April 11 to April 14, 1986.



ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 11th April 1986, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

- £100 million 2 1/2 per cent Exchequer Stock, 1990
- £100 million 9 1/2 per cent Treasury Loan, 2012-2015
- £100 million 7 1/2 per cent Treasury Loan, 2012-2015
- £100 million 2 1/2 per cent Index-Linked Treasury Stock, 2016

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 11th April 1986 as certified by the Government Broker.

In each case, the amount issued on 11th April 1986 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provision contained in the final paragraph of this notice; the relevant provisions for Capital Gains Tax are described below.

Stock	Redemption date	Interest payment dates
2 1/2 per cent Exchequer Stock, 1990	22nd November 1990	22nd May
9 1/2 per cent Treasury Loan, 2012-2015	10th August 2001	10th February
7 1/2 per cent Treasury Loan, 2012-2015	26th January 2015, or on or at any time after 26th January 2012 subject to not less than three months' notice	26th August
2 1/2 per cent Index-Linked Treasury Stock, 2016	26th January 2016	26th July
2 1/2 per cent Exchequer Stock, 1990, 9 1/2 per cent Treasury Loan, 2012-2015 and 2 1/2 per cent Index-Linked Treasury Stock, 2016	26th July 2016	26th July

Both the principal of and the interest on 2 1/2 per cent Index-Linked Treasury Stock, 2016 are indexed to the General Index of Retail Prices. The index figure relevant to any month is that published seven months previously and relating to the month before the month of application. The index figure relevant to the month of issue of 2 1/2 per cent Index-Linked Treasury Stock, 2016 is that relating to May 1982 (322.0).

The relevant index figure will be used for the purposes of calculating payments of principal and interest due in respect of the further tranche of Stock.

The relevant index figures for the half-yearly interest payments on 2 1/2 per cent Index-Linked Treasury Stock, 2016 are as follows:

Relevant Index Figure	Published in	Relating to
June of the previous year	January	July
December of the previous year	July	November

The further tranche of 2 1/2 per cent Exchequer Stock, 1990 will rank for the interest payment of £2,250 per cent to be made on 22nd May 1986. The further tranche of 9 1/2 per cent Treasury Loan, 2012-2015, 7 1/2 per cent Treasury Loan, 2012-2015 and 2 1/2 per cent Index-Linked Treasury Stock, 2016 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock.

2 1/2 per cent Exchequer Stock, 1990 will be specified, and 9 1/2 per cent Treasury Loan, 2012-2015 and 2 1/2 per cent Index-Linked Treasury Stock, 2016 are specified, under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as gilt-edged securities (under current legislation exempt from tax on capital gains on disposals made on or after 2nd July 1986, irrespective of the period for which the Stocks are held).

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold, by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND, LONDON 11th April 1986

UK COMPANY NEWS

Iraq problems hit Conder

CONTINUING problems over debt collection in Iraq, aggravated by the deterioration in the war situation, have caused Conder Group, the steel-framed buildings concern, to make a further provision of £500,000 against profits.

As a result, pre-tax profits in 1985 came out at £502,000, against £268,000 before, but the directors say that even without this provision the result is far from satisfactory. This was because of substantial excess contract costs at Conder Structures and further heavy spending on the computerised drawing system.

The dividend, however, is being increased from 1.5p to 1.75p net with a final 1p. Earnings per 25p share were 7p (2p) before extraordinary items and 9p (3p) after.

The directors report that Conder has still not succeeded in eliminating all the losses which continue to drain away its profits. This will affect first-half results, although a marked improvement is anticipated in the second half.

Turnover for 1985 rose from £110.14m to £123.2m, while taxable results were after a share of related companies' losses of £51,000 (£234,000 profits). There was a tax credit of £85,000 (charge £167,000) giving net profits ahead from £196,000 to £567,000.

Extraordinary and minority debits took £156,000 (added £24,000) and comprised a loss on a secured loan.

Reviewing each operation, the directors say that at Conder Structures turnover was some £47m, but poor results were achieved in spite of a relatively buoyant market.

Conder projects made satisfactory profits on £46m turnover, while good results were achieved in the two main product divisions of Conder Products where turnover was £12m. Clearwater incurred a loss due to exceptional factors following recent restructuring.

Reabrook boost in second half

Second-half profits from Reabrook Holdings, chemical and industrial aerosol manufacturer, rose from £215,000 to £564,000. This gives the group £1.02m pre-tax for the whole of 1985, an advance of 33 per cent over the previous £530,000.

Earnings are almost doubled at 7.29p (3.73p) per share, and the dividend is raised from 1.9p to 2.5p net with a final of 1.7p. Turnover in the year was up from £10.96m to £12.53m and the operating profit from £683,000 to £1.16m. The tax charge is £472,000 (£270,000) leaving the net profit at £547,000 (£290,000).

Squirrel Horn

Sugar confectionery, toffee chocolate maker Squirrel Horn has reduced its loss from £284,000 to £140,000 in 1985, and is returning to the dividend list after 18 months absence.

There is a final and only payment of 0.125p net.

Turnover improved from £8.19m to £8.63m. There is a tax credit of £2,000 (charge £14,000) to leave the loss per share at 2.56p (5.85p).

F. & C. Pacific

F. & C. Pacific Investment Trust increased net asset value from 1985 to 207.1p in the year ended January 31, 1986. Earnings per 25p share however, fell from 1.47p to 2.81p.

Total revenue dropped to £3.45m, against £4.71m, including franked income of £347,000 (£1.96m). After tax of £93,000 (£1.43m) available revenue was down £1m to £1.35m.

A final dividend of 0.9p, plus a special 1p makes a total for the year of 2.5p (3.75p) net.

COMPANY NEWS IN BRIEF

UTC TRADING CORPORATION increased pre-tax profits from £128,290 to £283,469 in 1985, with both the property and textile divisions showing considerably improved results. The directors are confident that the company will continue to perform strongly in the current year, although certain property completions may be deferred until the second half of the year.

BLUMEL BROTHERS has contracted for the sale of its land and buildings at Wolston for £250,000 cash. The contract provides for Blumel to share in any gains arising on the land in the event that the purchaser resells the site within three years or a change of planning use is granted.

CATTLES (HOLDINGS) has bought Provincial Lending Company for £141,441 in cash. Provincial specialises in provision of short-term personal loans.

BCC GROUP is to issue 15.5m ordinary shares in respect of options realised on £21m of the 9 per cent convertible unsecured loan stock 2001-2005. Some 95 per cent of the original stock issued has now been converted into ordinary.

Oilfield Inspection

USM quoted Oilfield Inspection Services Group raised pre-tax profits from £533,000 to £911,000 in 1985. A final dividend of 1p net doubles the year's payment to 2p. Earnings per 20p share were 7.1p (2.3p).

Platinum ahead

Including a first time contribution from John Barr and a better-than-anticipated performance from the pen division profits of Platinum improved by £200,000 to £302,000 pre-tax in the year to January 31, 1986.

The current year started on a mixed note. Sales of Barr and the pen division were in line with last year and in all the directors remain confident that sustained improvements can be expected.

APPOINTMENTS

New Burmah Oil chief

Mr Michael Burchell has been appointed chief executive and managing director of BURMAH OIL EXPLORATION. Mr Burchell has been with Burmah since August 1980 and was previously managing director of BIR Corporation.

Mr G. A. Davies, head of management services division and an associate director of COUTTS & CO., has been appointed a director.

RINGTONS has appointed Mr Nigel Smith as managing director, a position he held jointly with Mr John Smith who becomes non-executive deputy chairman.

Mr Cliff Bennett has been appointed managing director of the DOCKLANDS LIGHT RAILWAY PROJECT. He will also be responsible for the projected extension into the City of London for which Parliamentary powers are currently being sought. Mr Bennett follows Mr Bill Clarke who has returned to London Underground as operations director.

Balfour Beatty has amalgamated its projects engineering division with elements of its international construction company to form BALFOUR BEATTY PROJECTS to undertake major construction engineering and multi-discipline contracts overseas. Mr N. Ashley, Balfour Beatty's executive director responsible for international construction, is appointed chairman with Mr R. K. Loraine as general manager.

SILKOLENE LUBRICANTS has appointed Mr Adrian Parsons as group chief executive.

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.

MERCURY INTERNATIONAL GROUP plc
(Incorporated and registered in England under the Companies Acts 1948 to 1981 No. 137448y)

Share capital of Mercury International Group plc

Authorised	Issued and to be issued* fully paid
90,000,000	60,457,655
45,000,000	41,777,954
18,000,000	16,976,400
200,000	199,516
5,000,000	4,474,059
100,000,000	124,885,584

* Assuming full acceptance of the offer dated 3rd March 1986 for the shares of Mercury Securities plc.

The number of Preference Shares to be issued, the basis of allocation and the rate of dividend have not yet been determined, but are expected to be announced in July 1986.

The Council of the Stock Exchange has admitted the Ordinary Shares and 'A' Convertible Preference Shares of Mercury International Group plc issued and to be issued to the Official List.

Listing Particulars relating to Mercury International Group plc and the issue of Ordinary Shares and 'A' Convertible Preference Shares are available from Eitel Statistical Services Limited. Copies of such particulars may be obtained during normal business hours until 10th April 1986 from the Companies Announcements Office, The Stock Exchange, Threadneedle Street, London EC2P 2BT and on any weekday (Saturdays and public holidays excepted) up to and including 28th April, 1986 from:

Mercury International Group plc,
75 King William Street,
London EC4R 9AS.

Rowe & Pitman Ltd.,
1 Finsbury Avenue,
London EC2M 2PA.
14th April 1986

Cazenove & Co.,
12 Tokenhouse Yard,
London EC3R 7AN.

This advertisement is issued in compliance with the Regulations of the Council of the Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities of Hawley Group Limited.

HAWLEY GROUP LIMITED
(Incorporated in Bermuda under the Companies Act 1981)

Issue of up to 25,000,000 Convertible Cumulative Redeemable Preference Shares of US\$1 each in connection with the proposed acquisition of Cope Aliman International P.L.C.

The Convertible Cumulative Redeemable Preference Shares of US\$1 each have been admitted to the Official List by the Council of the Stock Exchange.

Listing Particulars will be circulated in the Eitel Statistical Services and copies of the Listing Particulars may be obtained during usual business hours on any weekday except Saturdays and public holidays up to and including 28th April, 1986 from:

Tanmade Limited,
Prospect House,
The Broadway,
Farnham Common,
Slough SL2 3PQ, Berkshire

Barclays Merchant Bank Limited,
Ebbgate House,
2 Swan Lane,
London EC4R 3RS

L. Messel & Co.,
1 Finsbury Avenue,
London EC2M 2QE

Copies of the Listing Particulars will also be available until 16th April, 1986 from the Company Announcements Office, The Stock Exchange, London EC2.

14th April, 1986

This advertisement complies with the requirements of the Council of the Stock Exchange.

John Lewis plc
(Incorporated in England under the Companies Act 1980 to 1917)

£50,000,000
10 1/4 per cent. Bonds 2006

The Issue Price of the Bonds is 100 1/4% of their principal amount.

The following have agreed to subscribe or procure subscribers for the Bonds:

County Bank Limited	ANZ Merchant Bank Limited
Morgan Grenfell & Co. Limited	Bankers Trust International Limited
Algemene Bank Nederland N.V.	Commerzbank Aktiengesellschaft
Banque Bruxelles Lambert S.A.	Dresdner Bank Aktiengesellschaft
Citicorp Investment Bank Limited	Morgan Guaranty Ltd
Credit Suisse First Boston Limited	Sumitomo Finance International
Kleinwort, Benson Limited	S. G. Warburg & Co. Ltd.
Société Générale	Westdeutsche Landesbank Girozentrale
Union Bank of Switzerland (Securities) Limited	

Application has been made to the Council of the Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the Bonds to be admitted to the Official List.

The Bonds bear interest as from 8th May, 1986 at the rate of 10 1/4 per cent, per annum, payable annually in arrears on 8th May, the first such payment (representing a full year's interest) to be made on 8th May, 1987.

Listing Particulars relating to the Bonds and John Lewis plc are available in the statistical services of Eitel Statistical Services Limited and copies of the Listing Particulars may be obtained during usual business hours up to and including 16th April, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 28th April, 1986 from:

County Bank Limited 11 Old Broad Street London EC2N 1BB	John Lewis plc 4 Old Cavendish Street London W1A 1EX.	Cazenove & Co. 12 Tokenhouse Yard London EC2R 7AN	Bankers Trust Company Dashwood House 69 Old Broad Street London EC2P 2EE
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14th April, 1986

CREDIT SUISSE BUCKMASTER & MOORE LTD.
MEMBERS OF THE STOCK EXCHANGE.

Incorporated 14th April, 1986.

An alliance of two established names in the international securities industry. Buckmaster & Moore: Institutional Business, Market Making, Investment Management. Credit Suisse: Triple 'A' Bank, World-wide Asset Management. Address: Credit Suisse Buckmaster & Moore Ltd., The Stock Exchange, London EC2 2JT. Telephone: 01-588 2868 Telex: 883229.

CREDIT SUISSE CS

Zurich (Head Office) Abu Dhabi Atlanta Beijing Beirut Bogota Buenos Aires Cairo Calgary Caracas Chicago Frankfurt Furtch Hong Kong Houston Johannesburg London Los Angeles Luxembourg Manama (Bahrayn) Melbourne Mexico City Miami Monte Carlo Montreal Nassau (Bahamas) New York Nuremberg Osaka Panama Paris Rio de Janeiro San Francisco Sao Paulo Singapore Tehran Tokyo Toronto

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

April 14-18 International Fire and Security Exhibition and Conference - IFSEC (01-446 8211) Olympia

OVERSEAS TRADE FAIRS

April 14-19 Mini/Micro Computers, Software and Software Packages Exhibition - SPECIAL SICOB (01-439 3944) Paris

BUSINESS AND MANAGEMENT CONFERENCES

April 14-15 European Study Conferences: The London International Construction Conference (0572 822711) Hilton Hotel, W1

INSURANCE

Investors learn a lesson from UK Provident

BY ERIC SHORT

THE TRADITIONAL life assurance industry was deeply shocked last week when one of its number—United Kingdom Provident Institution—announced it was in financial difficulties and was, in effect, rescued by Friends' Provident Life Office.

One of the main marketing points on the traditional side of the industry has been the impeccable security of conventional life assurance and the companies marketing conventional with-profit contracts. It was inconceivable that such a company could run into financial problems at any time, let alone during a raging bull market.

The intermediary life market now knows otherwise. Traditional life assurance is regarded as offering a safe, steady investment for the cautious investor. The companies themselves tend to follow very orthodox investment strategies, with a high proportion in unquoted securities, including oil exploration and development in the US.

First, the company followed a very unorthodox high-risk investment strategy with an unduly high proportion of its investments in unquoted securities, including oil exploration and development in the US. Second, the company was declaring very high bonus rates on its life and pension contracts, for example the Deposit Investment Plan, which offered returns that could hardly be met out of current investment returns.

Third, the company had embarked on a large-scale expansion programme over the past few years, and was under financial strain from the high level of new business written.

The high bonus rates and the expansion programme resulted in the company running down its free reserves to quite a low level and being unable to meet current bonus levels. Mr Fred Cotton, chief executive of Friends' Provident, estimated that UK Provident needed about £250m to continue on the same bonus levels.

CONSTRUCTION

£45m orders for Lelliott

In the first quarter of 1986 the JOHN LELLIOTT GROUP has won more than 150 contracts in and around London worth in excess of £45m. The main contracts division has won contracts worth more than £16.5m which include the major refurbishment of Chelsea Cloisters, one of London's largest residential apartment blocks at £7.5m; the fitting out of Nikko Securities, Goddard Street, Fidelity Bank in Bishopsgate; The Royal Bank of Scotland, Lombard Street and the Securities Investment Board in Royal Exchange account for £3.5m.

Nurses' accommodation at Bournemouth Hospital

WINPEY CONSTRUCTION UK, a subsidiary of George Wimpey, has been awarded work totalling £8.3m. A contract worth £3.3m has been awarded by the Wessex Regional Health Authority for the construction of nurses' accommodation at the Bournemouth Hospital, Castle Lane East, Bournemouth, Dorset.

Work has started on a £4.4m contract awarded to JOHN LAING CONSTRUCTION by Mersey Regional Health Authority for phase B at Warrington District General Hospital. The 110-week contract calls for the construction of two number two-storey nucleus templates and a hospital street to house paediatric, adult acute and geriatric units together with purpose-designed two-storey accommodation to contain paediatric isolation and occupational therapy. The approximate floor area will be 7,200 sq metres.

JAMES HOWDEN and DECON ENGINEERING have received £2m orders for the supply of tunnelling equipment for the Calro wastewater project. The largest order, valued at £1.5m, goes to Howden and is for the supply of three 5.2-metre-diameter digger shields. The machines are for use on the

The management fee division accounts for £14.5m with contracts for refurbishment and fitting out of dealing rooms in six City banks which include Ebgate House and Seal House for Midland Bank International; Mitsubishi Trust Bank and Nomura International. Other contracts include the refurbishment of Dilons Bookshops, worth £1.2m and a Laura Ashley design centre, worth £1m. The division has also been commissioned to refurbish thirty Cullens Stores at the rate of three shops per month and an average spend of £100,000 each shop.

John Lelliott DMC has secured design and build contracts, worth more than £2.25m, which include a supermarket shell for Waitrose at St Neots costing £1.1m and a dealing room for Manufacturers Hanover in Princes Street for £800,000. John Lelliott Ilford is also responsible for more than £5m with contracts worth £1m for a Docklands office block and housing for the Newham Borough Council worth £570,000.

Work will be load-bearing facing brickwork on foundations of trench fill concrete footings with isolated bases and ground floor slab. The truss roofs will have concrete tiles and the ceilings a general dry lining with some areas suspended. Extensive external works will include roads, paths, car parks and drainage. Work has also started on an office development, worth £3m, at the Royal Aircraft Establishment, Elles Road, Farnborough, for the Property Services Agency.

SEAND has been awarded a £2m supermarket construction contract in Gibraltar. Work is due to start soon on a supermarket, shop units and travel bureau opposite the island's main airport. External walls will be of precast concrete frame blockwork with steel frame and roof decking by a nominated subcontractor. A decorative tile hanging to a Mansard roof by a domestic subcontractor. The contract is due for completion in January 1987.

John Lelliott Space Interiors has been commissioned to carry out a number of interior projects worth £1.5m, two of which were for Jet Set Tours, New Oxford Street, London and Schroder Group headquarters in Portsmouth.

New Dorset headquarters

A £5m-plus contract for the new headquarters building for the National Mutual Life Association of Australasia has been awarded to SLEEMAN CONSTRUCTION, the building arm of EPC Group. Construction has started on the 74,000-sq-ft eight-storey octagonal building with associated multi-storey car parking on a site at Seaford Road, Poole. National Mutual's life assurance operation will be moving into its new building on its completion at the end of 1987.

CEMENTATION PILING AND FOUNDATIONS

has been awarded two specialist piling contracts for city-centre developments worth a total of £1.4m. The largest is a combination of driven and bored piles at the St. Enoch's Square, Glasgow, redevelopment for managing contractor Sir Robert MacAlpine. A total of 1,007 Frankforter piles are to be driven to 20 metres depth on this site, together with 485 concrete continuous flight auger piles down to 30 metres to form the foundations of the development.

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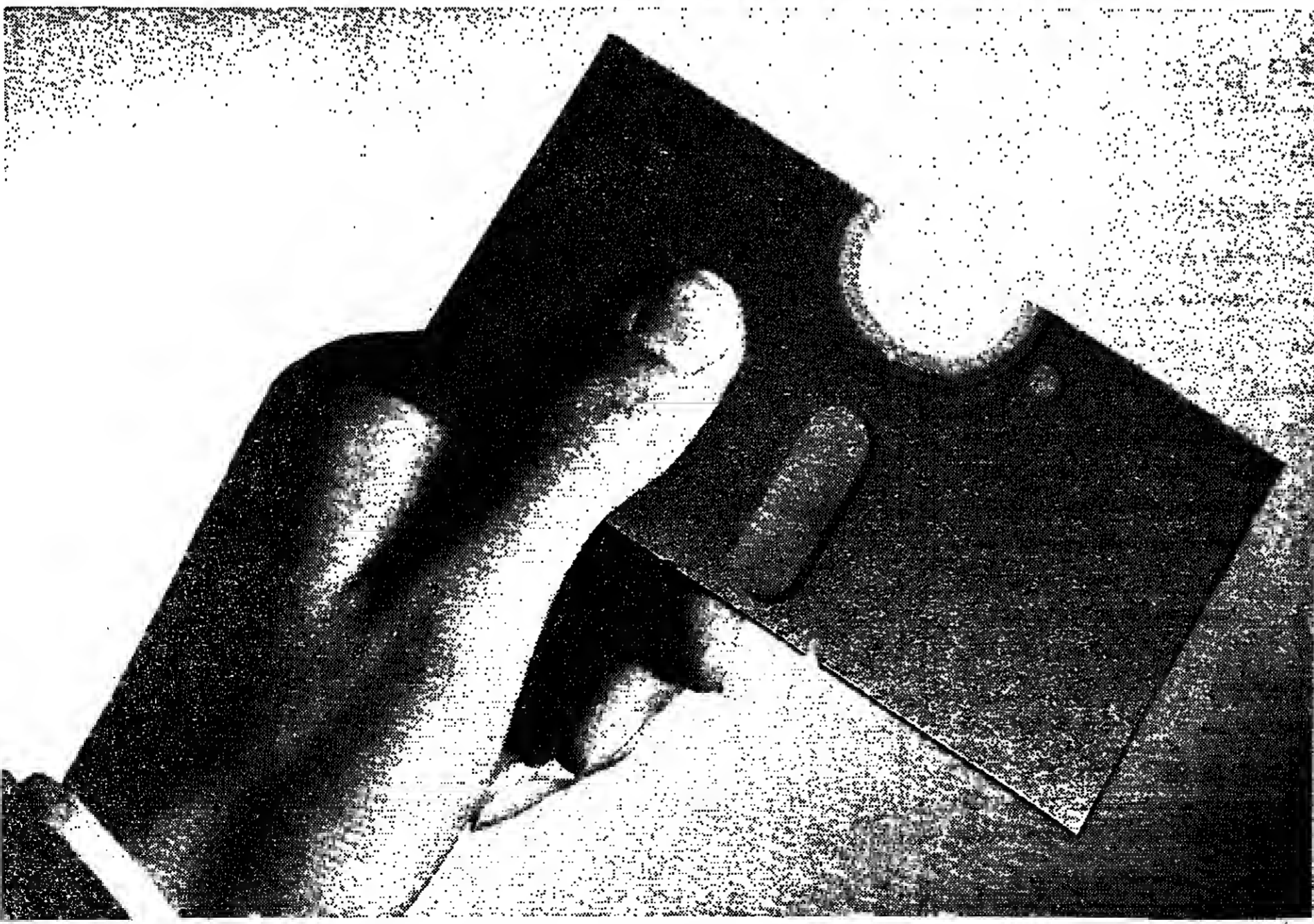
Laboratory facilities extended

SIR ROBERT MACALPINE & SONS has been awarded a contract worth £8.8m by Amersham International to extend its existing laboratory facilities near Cardiff. The contract comprises two buildings of steel frame and concrete construction. The main block, measuring 57.4 metres by 30.6 metres, will be fully air conditioned and will provide accommodation on two floors plus a basement area, a high plant room and a 20 metre air ventilation shaft. Additional installations include five fully equipped cold rooms and a double skinned effluent drainage system. The second building will link the new block to the existing premises.

FAIRCLOUGH BUILDING has been awarded another construction project by London Underground. The southern division is to erect four new buildings at the Ruslip track fabrication depot on a contract valued at over £500,000. The biggest building—a 710 sq metre store—will be constructed on a steel frame with profiled sheet metal cladding and double-pitched roof. Internal blockwork walls and partitions. The single-storey slab building (275 sq metres) and site offices (60 sq metres) will both be in load-bearing brick and blockwork with blockwork partitions and flat roofs. The fourth building, a 38 sq metre compressor house, is to be system-built in precast concrete.

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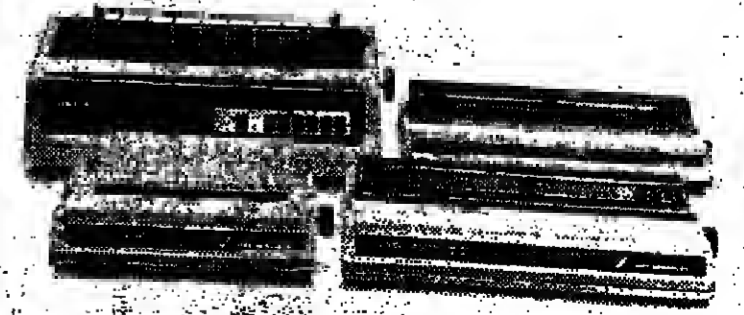
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FINANCIAL TIMES SURVEY

Monday April 14 1986

Amsterdam

The Dutch capital is looking in new directions for growth and prosperity after years of urban decline. Its main strengths of finance, trade and tourism are being heavily promoted and progressive city policies are bringing a renewed sense of optimism.

Era of renewal

By Laura Raun
Netherlands Correspondent

AMSTERDAM is moving in new directions. Dam Square, once the haunt of hippies, is bustling with bankers and stock brokers, who are propelling the city forward into becoming a major international financial centre. The Zeedijk area where drug pushers operated is the site of one of four new first-class hotels springing up in the inner city to lodge more tourists and businessmen. The pace of housing construction has trebled from a few years ago and eased the severe shortage of houses.

The Netherlands' biggest city as Dr Emaens Heerma, alderman in charge of economic affairs and a political scientist notes, has been known for its freedom and tolerance throughout its 700-year history. Jews expelled from Spain and Portugal were welcomed, radical philosophers such as Descartes and Spinoza were allowed to write and bible and books banned elsewhere were printed.

"But freedom should not mean a lack of freedom for others," Dr Heerma observes. "The year 1930 was a turning point. People wanted a cleaner city, more jobs, a city without drugs and demonstrations."

Politics in Amsterdam, the Dutch capital (The Hague is the seat of government), have long been dominated by the Labour and Communist parties, and until the mid-70s most people were happy with that.

But political discussion erupted as voices increasingly were raised about the rising tide of squatters' violence, street crime and drug peddling, and the economic decay of the inner city.

The population had been dwindling for two decades as many young families fled to the suburbs, leaving in their wake the poor, elderly and minorities. In short, the same urban problems that beleaguer all big cities.

Accord

By the late 1970s the Labour party had reached an historic accord with the centrist Christian Democrats to launch a new era of urban renewal, with special emphasis on economic revival and more housing. The centre-left coalition sought to promote Amsterdam's traditional strengths—trade, transport, finance, arts—to restore some of the vibrant commercial spirit that built the city into a fulcrum of world power in the 17th century.

The dramatic shift in thinking quickened in 1983 with the appointment as mayor of Mr Ed Van Thijn, a former Labour minister who survived the German occupation of Amsterdam as a young Jewish boy. Mayor Van Thijn immediately set to work on mending fences with business, shaping a higher international profile, riding the city of hard drugs, fighting crime, and cleaning up the environment.

"The time for half-measures

is past," mayor Van Thijn said in 1984 when he announced a controversial ban on the gathering of more than three people at a time in the drug-infested Zeedijk. Refuse collections on Saturdays were resumed and a major public relations campaign was launched to improve Amsterdam's image.

The Labour-Christian Democrat partnership got a fresh mandate in the recent local elections when the Socialists gained strongly, and the small, left-wing coalition, which opposes many of the changes, weakened. The Socialists now hold 21 of the 45 city council seats, while the Christian Democrats hold six.

Some successes of the new policies already are apparent. Amsterdam's economy is expanding twice as fast as the national average, 41 per cent against 2 per cent. The property market is beginning to show signs of rebound after years of decline. Banking and finance, Amsterdam's premier industry, are booming amid liberalisation and modernisation. Major projects are under way in transport, trade and communications.

The black mark, however, is unemployment. One in four people is without work and the prospects are bleak. Many of the new jobs opening up require relatively high educational and skill levels, while most of the unemployed have a lower education and are unskilled—the classic mismatch problem.

The high unemployment figure also includes a sizable number of so-called "grey



City centre street scene and (inset) alderman Dr Emaens Heerma, a moving force behind the city's new economic policies

market" workers, those who actually have jobs but are looking for better pay, or a different kind of employment. Finally, according to Dr Heerma, a certain portion of the unemployment do not really want a job, and are happy enough with their social welfare payments.

He explains the economic revival policies as a three-pronged approach to achieve geographically balanced growth throughout the city.

- Nurturing the traditional activities such as banking and finance, tourism, manufacturing, trade and transport while encouraging new industries such as telecommunications, data processing and sophisticated distribution.
- Expanding Amsterdam's well-established international links, through Schiphol airport, the new World Trade Centre, the two universities and the attraction of more foreign companies.
- Encouraging young com-

panies through the increasingly popular business centres that provide affordable office space, management guidance and technical facilities for small business.

Linking most of Amsterdam's commerce, politics and culture is international trade, which began with the founding of the city in 1275 as a fishing village on the banks of the Amstel river and continues today as a fundamental pillar.

Amsterdam's modern-day burger elite are hoping to build on this tradition to catapult the city into becoming a major international financial centre. The Dutch capital markets have been dramatically liberalised, the Amsterdam stock exchange has made sweeping changes to enhance its international competitiveness and the European Options Exchange is expanding rapidly.

Amsterdam aims to become a European leader in trading of Japanese and American shares,

and foreign financial institutions have gained new freedoms. The banking community generally is finding itself warmly welcomed in the inner city again.

Impetus

A new impetus for traditional merchandise trade is coming from three big projects.

- An ultra-modern World Trade Centre that opened last autumn to provide commercial services ranging from video conferencing to electronic mail, plus a hotel, restaurants and supermarket. As a member of the world trade centre association, Amsterdam gains links to the other 45 trade centres around the world, offering new avenues for business contacts.
- Schiphol Airport's Fl 1.5bn, 10-year modernisation and expansion plan to double passenger and freight capacity by the year 2000. Also included is a sophisticated, computerised customs system that eventually

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will allow virtually "paperless" documentation.

- A Fl 1.53bn teleport office park that is to provide high-technology office space for companies in telecommunications, automation and information processing, especially those seeking a European headquarters. A huge satellite dish and interconnection into Amsterdam's fibre optic communications network will allow the latest office automation such as value-added networks and video conferencing.

These ambitious initiatives are expected to help fuel business travel, a promising sector of the tourist industry. Amsterdam's second largest industry, tourism is preparing for the future even though the number of visitors has been affected by the lower dollar and threat of international terrorism.

Four new hotels are under construction at the moment and more are on the drawing boards, raising the number of beds by 10 per cent to 22,000 in coming years. Occupancy rates are running at around 65 per cent up from 40 per cent several years ago, and the tourist season is longer than ever, according to Mr Bob Luyken, managing director of the tourist industry association's Amsterdam office. The season now runs from the second week in March until the end of November and "there is hardly a real winter any more," he says.

Tourism could get a big boost if Amsterdam is chosen from among a half dozen cities to host the 1992 summer Olympic Games, a decision that will be made on October 17. It is a clear sign of the city's new élan that Amsterdam is competing for the games, which would have been viewed as too hucksterish and ambitious in the past, Dr Heerma says.

But the city is making its bid in a characteristically Dutch style, touting its sobriety and compactness. The Netherlands' Olympics organising committee believes these qualities will be attractive to the international organising committee after the commercialism of the 1984 Los Angeles Olympics.

Having turned around much of the economy, Mayor Van Thijn still faces some stubborn problems. The jobless rate remains 10 percentage points higher than the national average, reot-subsidised council housing is in short supply, petty crime continues at an alarmingly high level and the hard drug trade is dying only slowly.

The housing shortage means that the city still has more than its share of squatters, but most of them have abandoned the violent tactics that led to confrontations with crack anti-riot squads and armoured personnel carriers. Some 50,000 people are still waiting for subsidised dwellings although most of them have decent housing at the moment, Dr Heerma notes. The radical squatters now are almost entirely limited to one neighbourhood where riots broke out last autumn, leaving one man dead. It was here Mayor Van Thijn was spat upon two years ago.

Petty crime, much of which is believed to be drug-related, is among the worst in Europe, and sparked the creation of a number of neighbourhood vigilante squads in 1984. The police department has since been dramatically reorganised and more street patrols have been dispatched to discourage the theft of car radios, bicycles and handbags.

Some 7,000 heroin addicts, mostly foreigners, are still known to live in Amsterdam although the law enforcement authorities are waging a concerted attack on wholesale dealers. "We have doubted our narcotics squad which fights the international drug traffickers and we have started a local narcotics squad to combat the local scene," Mayor Van Thijn said in a recent interview with an Amsterdam magazine.

But Amsterdamers are a buoyant sort and so is the mayor, not unlike New York—previously New Amsterdam—and its mayor, Ed Koch. Pink hair and old-fashioned bicycles still abound.

Mr Van Thijn himself is optimistic. "For the first time in years Amsterdam has courage again. A while back, people were sceptical if someone came with a big idea that was out of the ordinary. Now, with the information technology plans, the Zeedijk efforts, the plans for the Olympic Games, there is a feeling that we can do it."



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AMSTERDAM 2

BY CHARLES BATCHELOR

PROFILE: MAYOR ED VAN THIJN

Policies matching the problems

AMSTERDAM, the Netherlands' largest and most turbulent city, has made extraordinary demands on its municipal leaders in recent years.

Violent protests by squatters at the chronic housing shortage; drug abuse and related crime; a population with more than its share of the elderly, the poor and ethnic minority groups; and the difficulties of adapting a largely 17th-century city centre to the demands of the 20th century without destroying it, all combined during the 1970s and early 1980s to make Amsterdam a challenging place to run.

Frequent rowdy scenes in the Amsterdam council chamber led to critics branding the city ungovernable. And as head of the city administration, the mayor or burgomaster has usually borne the brunt of that criticism.

But the past two to three years have seen a fundamental change, if not in the problems at least in the way Amsterdam is tackling them, according to Ed van Thijn, mayor since June 1983.

Van Thijn believes there is a new mood in Amsterdam after the malaise of the 1970s. The city recently launched a promotion campaign with the slogan "Amsterdam's got it." It is also bidding for the 1992 Olympic Games.

"But there is more to it than just promotion of the city," he says. "We have the policies to back it up."

Van Thijn, an avid computer chess player, is a precise man who chooses his words with care. Now 51, he came to the job after 24 years in local and national politics.

He is an Amsterdammer by birth, and studied politics and social science at the University of Amsterdam before joining the staff of the Dutch Labour Party's research unit.

Almost immediately he went into local politics, serving for nine years on the city council, most of them as chairman of the Labour group.

In 1967 he became an MP, remaining in Parliament until June 1983. For five of those years he led the Parliamentary



Ed van Thijn: pushed through police reforms.

Labour party, though the summit of his career in national politics was an eight-month spell in 1981-82 as Minister of Home Affairs in the short-lived Labour-Christian Democratic coalition headed by Mr Dries van Agt.

So how does he find life on the smaller stage of city politics?

"I've never been in my element as much as in this job," he says. "Being burgomaster of the capital city is a position of national importance. I've no desire to go back to the national political scene."

Mayors in the Netherlands are Crown appointees—a system van Thijn disapproves of—though they work alongside elected councillors and aldermen. The mayors of the four largest Dutch cities and the 11 provincial capitals have

traditionally been allotted to one of the main political parties.

Amsterdam, which has always given strong support to the Labour and the smaller Left-wing parties, by custom has a Labour mayor.

Mayors serve a six-year term, though this can be renewed until retirement. They have direct responsibility for the police and public order. In this and all other matters, they are expected to act as a unifying force and to remain above party politics.

Van Thijn dismisses his position thus: "As representative of the city, a burgomaster has tremendous influence, but he is not all-powerful. Because he is appointed and not elected, the emphasis is on the executive committee of aldermen."

How much of the new mood

can be attributed to the appointment of a new mayor? Van Thijn acknowledges that the character of Amsterdam was changing by the time he arrived in mid-1983. The splits and factions—within, as much as between, the various political parties—which prevented effective government during the 1970s had produced a reaction. A more pragmatic atmosphere was beginning to prevail.

He has made use of this change to push through his own reforms of the police and to encourage an energetic attack on the problems of drugs, squatting and the city centre's economic decline.

Amsterdam is now building about 5,500 new dwellings a year, three to four times the numbers of a few years ago, but still only half what the city needs. Government spending cuts have prevented more homes being built, van Thijn says.

A fundamental change in policy has come about with new homes now being built within the city boundary instead of people being encouraged to move out to the overspill towns. The capital's first population increase in 25 years was recorded last year.

The faster rate of new-house building has helped defuse the squatting problem. But van Thijn has also made use of growing public resistance to the violence and excesses of some of the squatters to move more firmly against them.

Even so he was forced recently to curtail a visit to one of the poorer parts of the city because of the threat of a violent street confrontation.

Van Thijn has presided over a reorganisation of the police to reduce bureaucracy and put more officers on the beat. Tougher action is being taken against drug traffickers and the notorious Zeedijk area of central Amsterdam has been purged with an unusually tough city-by-law preventing street gatherings of more than three people.

But the size of the problem does not make for an easy solution: the drugs menace,

introducing futures contracts...

Campaign to lead in Europe

Finance

LAURA RAUN

AMSTERDAM'S historical role as an international financial centre stretches back at least 300 years to the golden 17th century when the city's burger elite created a vast trading empire that spanned the globe.

Lively dealings sprang up in stocks and bonds of the Dutch East and West Indies companies after Amsterdam residents were allowed to invest in these huge ventures, while trading in foreign bonds also flourished. An exchange bank finally set up to control the rampant foreign currency speculation that naturally accompanied the booming business in foreign bonds and bills of exchange.

Balancing on its long and rich history of free commerce, Amsterdam now is waging a concerted and ambitious campaign to establish itself as a leading European money centre to rival London. The 380-year-old stock exchange, the oldest continuously traded bourse in the world is making sweeping changes to attract new international investors in a move that is not unlike London's planned "big bang".

The Dutch capital markets were dramatically liberalised at the beginning of this year to open the way for an array of popular new instruments. The Amsterdam-based European Options Exchange (EOE) has grown rapidly in recent years and now ranks as the largest options exchange outside the US, while a gold futures market, the first in Continental Europe, was launched last year.

The legacy of the shrewd merchant burgers is still evident today in the tolerance toward foreigners. In the past decade foreign banks have built a sizable presence, controlling about one-quarter of all assets, while capital flows are among the most free in Europe.

More foreign shares than Dutch ones are listed on the Amsterdam stock exchange and foreign members have been accepted for some years.

But the Dutch with their subtle competitiveness are looking over their shoulders and seeing deregulation in London and in West Germany. The bankers along Amsterdam's Herengracht—Gentlemen's Canal—have grown increasingly worried that London is siphoning off as much as half of the business in Dutch securities because of its cheaper negotiated commissions and more liquid dealers' market.

The threat of the big bang in October has spurred the recent worldwide trend toward globalisation of markets, linked by instant telecommunications, has added pressure for liberalisation. Finally, the deregulation of West Germany capital markets last year could hardly be ignored by the Dutch, whose currency

Shrewd

competes directly with the Deutsche Mark.

In a blatant bid to recapture business lost to the City of London, the Amsterdam stock exchange has slashed its commissions twice in the past year and a half and now is considering allowing negotiated fees as part of a planned dealers' market. This block trading market is viewed as a way of ensuring the liquidity necessary to attract large institutional investors so necessary for truly international markets.

The bourse also is developing—amid great competitive secrecy—a major automation project that ultimately could transform Amsterdam into one of the most modern exchanges in Europe. The project initially will involve electronic display of the latest price and volume information on video terminals and eventually could extend to automated trading. Plans also call for a linkup with other European bourses through the Interbourse data information system, a project designed to exchange trading information among Europe's stock exchanges.

Amsterdam is aiming to become the premier European bourse for Japanese shares with the listing later this year of 30 leading Japanese companies. The stock exchange recently accepted as new members three of the most powerful Japanese securities houses—Nomura, Yamachi and Daiwa—to help promote trading.

Under an agreement with the Tokyo stock exchange, dealings in the 30 companies can continue in the European time-zone after the close of trading in Tokyo. Baron van Iltersum, chairman of the Amsterdam stock exchange, has hinted that trading in these Japanese stocks eventually could be linked to New York as well.

Amsterdam already leads Europe in the listing of US shares, having begun trade of American stocks in the second half of the last century. The recent entry of Citicorp, the second-largest American bank, to the bourse is expected to further fuel dealings in US shares.

The capital markets liberalisation is equally ambitious although innovative new products have been trickling out rather slowly. Since January 1 a host of financial instruments have been permitted that were forbidden before, including floating-rate notes, commercial paper, certificates of deposit and buller bonds.

Foreign banks can now lead manage issues and underwrite as much as one-third of an offering up from one quarter. The Dutch central bank's rigidly-controlled issue calendar has been drastically relaxed so that borrowers can now tap the market pretty much when they want to instead of queuing up as in the past.

Ever aware of image, the banking community and central bank have formalised the Amsterdam interbank offered rate into an official alloy that suggests the prestige of the Libor of London.

An encouraging sign for the capital markets bourse was the Dutch Government's last bond issue, the first time that The Hague has offered a bullet bond. The finance ministry and central bank previously had forbidden bullet bonds on the grounds that they fuelled inflation more than serially-redeemed bonds.

Now that the Government has stepped in with a bullet issue, others may follow faster, especially with the attraction of interest rates swaps. Bullet bonds are expected to stimulate more interest rates swaps, which previously were allowed but greatly complicated by the serial redemption of bonds.

The EOE, which keeps a close eye on the traded options market in London, is planning to launch several new contracts this year in a bid to remain competitive. Two index options are likely to be introduced following a recent change in the law to permit such instruments.

One index option will cover the EOE share index, which is based on the 15 Dutch stocks. Trading in this contract was suspended shortly after its introduction two years ago, pending the change in the law and now will be resumed. The other index option will cover the major market index (MMI) of the US blue chip index created by the American stock exchange to reflect the Dow Jones industrial average.

The EOE also is studying the possibility of offering the world's first options in crude oil and refined products in conjunction with Rotterdam which is among the world's most important spot oil markets. Under consideration are options on physical oil and products as well as on futures contracts.

The eight-year-old options exchange also is thinking of

introducing futures contracts with domestic rates and dollars rates the most likely. The liberalisation of the capital markets and stock exchange could foster demand for interest rate futures as well, many hope.

Last year the EOE began a two-year pilot programme in gold futures trading, with contracts covering 500 grams and priced guilders. But only a few contracts a day are changing hands and Amsterdam may be headed in the same direction as London's inflated gold futures market.

The EOE has especially prided itself on globally-linked trading with stock exchanges in Sydney, Vancouver and Montreal. The electronic link-up between the four allows fungible trading in gold and silver options nearly 24 hours a day. The international links were widened last year with the introduction on the EOE of a jumbo £100,000 sterling/dollar option contract that is totally interchangeable with an identical contract on the Montreal stock exchange.

The mainstream of changes in the Dutch financial markets is producing some of the same problems in Amsterdam that London is suffering. Securities traders' salaries are soaring although pay levels in Amsterdam are still lower than in London or New York.

Part of the problem is that Dutch dealers and brokers, who always speak English and have a fairly sophisticated background, are being lured away by foreign firms. Consolidation among Dutch brokerage firms is expected to pick up amid heightening competition and foreign financial institutions are expected to continue their invasion.

In short, Amsterdam is going through a little bang now to grid itself for London's big bang later.

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Controversial landmark

ONE HUNDRED years after it was built the Rijksmuseum in Amsterdam still cuts a Gothic dash among the sober domestic architecture of the Dutch capital.

Last year's centenary celebrations focused attention on this, the best-known of all Dutch art galleries and the one from which most foreign visitors form their impression of the richness of Dutch art.

For despite the comprehensiveness of its collections, ranging from paintings through the applied arts, prints and Asiatic art to its historical department, it is the glories of Dutch 17th century painting which most visitors remember.

Rembrandt's dramatic Night Watch, Vermeer's calm domestic interiors and Jacob van Ruisdael's fresh landscapes rarely disappoint. Even the most packaged of tourists will pause before hurrying on to the bulb fields or the picturesque fishing villages of the former Zuyder Zee.

National cultural landmarks tend to attract controversy and the Rijksmuseum is no exception. When it was planned, two competitions were held to choose an architect for the project before Pierre Cuyper, a Dutchman best-known for designing Roman Catholic

Rijksmuseum

CHARLES BATHCHELOR

churches, was chosen. His style of architecture was controversial in a largely Protestant country where Catholics were still shaking off their second-class status.

King William III failed to arrive for the official opening on July 13 1885, reputedly deterred by the Catholic style of the building.

One hundred years later a whirl of controversy has attended the centenary celebrations, with criticism directed at the Rijksmuseum's failure to organise any spectacular event or exhibition.

The depth of the economic recession in the early 1980s when the celebrations were being planned, decided the gallery's directors against putting on a costly but necessarily short-lived display. They opted instead to spend what limited funds they had on smartening up the building's exterior and gardens and renovating some of the interior.

Among the changes, an improved system of signposting was devised to help the more

than 900,000 visitors a year (70 per cent from abroad) find their way round more easily.

Originally two exhibitions from the gallery's own collections were planned — of Rembrandt's drawings and of prints of the Master of the Amsterdam Cabinet, an anonymous German artist of the late Middle Ages.

Later, a decision was taken to mount an exhibition of the works of the 17th century Spanish painter Velasquez and his contemporaries, and paintings were borrowed from the Prado Museum in Madrid.

Despite — some say, because of — Spain's lengthy occupation of the Netherlands, Spanish art is poorly represented in Dutch collections.

As a lasting memorial to its centenary year the Rijksmuseum acquired an early Rembrandt portrait, dating from 1634, of Haeze van Cleynburg, wife of a wealthy Rotterdam brewer.

The Fl 10m (£2.65m) painting cost was more than 13 times the gallery's annual purchasing budget. However, the extent to which Dr Simon Dr. Levie, director of the Rijksmuseum for the past 10 years, has been able to expand the collection.

The price of works of art has risen inexorably and more and more fine works are being bought by wealthy American galleries and others, never to return to the free market.

Dr Levie nevertheless has been able to move the Rijksmuseum closer to its goal of giving a representative view of Dutch art and history from the Middle Ages, and of showing the most important aspects of European and Asiatic art.

Despite the riches of its Rembrandt collection, including such pictures as the Nightwatch, the Syndics and the Jewish Bride, the painter's early years were poorly represented. Over the past 10 years four early paintings have been added to the collection.

"We don't claim the largest or even the most broadly-based Rembrandt collection, but we are able to compete on a world scale," Dr Levie says. "We now have a more balanced range of early Rembrandts."

Ambitions

When Dr Levie came to the Rijksmuseum in 1975 a major gap in the gallery's print collection was the work of English print makers. He has done much to remedy that omission by purchasing English works.

Perhaps because of the breadth of its ambitions the Rijksmuseum has been unable to build up fully-representative collections of other European schools of painting. English painting is hardly represented and the German, French and Italian collections are incomplete.

Again, money is the problem. "It is difficult enough to get the funds for important Dutch paintings, let alone for foreign works," Dr Levie says.

The lack of Italian paintings is a matter of some personal regret to Dr Levie. He completed his own doctoral thesis at Basle University on the Italian painter Daniele Ricciarelli da Volterra, a contemporary of Michelangelo.

On returning to the Netherlands he was for several years curator of Utrecht Central Museum before embarking, in 1968, on the 12-year-long restoration and reorganisation of the Amsterdam Historical Museum. This completed, he took up his present post at the Rijksmuseum.

A youthful 61, Dr Levie can expect four more years as head of his museum. Some of that time will be spent attempting to resolve the pressing problem of how 19th century Dutch painting should be presented.

Over the decades, pressure to show more pictures has meant the Rijksmuseum's open inner courtyards have been built over. But given the financial constraints, extending Cuyper's controversial creation appears to be out of the question. In any case, the Amsterdamers have grown too fond of the building William III dismissed contemptuously as "a monastery."

Property

LAURA RAUN

NEARLY SIX years after the property market began slipping, Amsterdam finally may be seeing the first hints of recovery.

Demand for new office space is growing as companies seek accommodation that is more energy efficient, safer and better equipped for sophisticated telecommunications. The take-up of new office space surged to a record 157,000 square metres in 1984 although it slipped somewhat last year. Office rents no longer are tumbling and have flattened out at Fl 300-350 per square metre, according to Zadelhoff Makelaars, the largest real estate brokers and developers in the Netherlands.

The vacancy rate shrank in 1985 for the first time in six years and is approaching a healthy level the firm says.

Amsterdam is touting its cheap commercial rents — the lowest of any major European capital — as a calling card for foreign companies wanting to establish or expand European offices. The Dutch capital also boasts economic growth twice as fast as the national average, 4.1 per cent versus 2 per cent.

The trend to the suburbs continues as businesses abandon the picturesque but crowded inner city with its rings of tree-lined canals and 17th century houses for more parking space and easier accessibility in the outskirts. The fastest-growing area is southeast Amsterdam where the Atlas Centre, the country's largest office project, opened last year.

But some reversal of the suburban trend may be heralded by the recent decision by Pierson, Heiding and Pierson, the Netherlands' leading merchant bank, to build its new headquarters right in the centre. The municipal authorities are smiling more favourably on influential financial institutions that want to stay in the city.

centre for reasons of prestige, according to Zadelhoff Makelaars.

Many other concerns ideally would like to remain in the quaint central districts to promote a Dutch image but too often run into restrictive planning policies when they try to improve or expand old buildings.

"The Pierson project would have been completely impossible five years ago. Now there is a new élan about maintaining the city centre but on a small scale," says Zadelhoff.

Amsterdam has enforced restrictive planning policies for years, with particularly discouraging regulations for commercial enterprises in the past decade. Conservation and renovation are officially given priority over demolition and new construction and this has made it very difficult for businesses to enlarge premises or add parking garages.

A gradual and subtle relaxation of these rigid policies is discernible under the more dynamic leadership of Amsterdam mayor Ed van Thijn, who took office in 1983. Mr van Thijn has been treading carefully in his efforts to foster economist growth and still maintain Amsterdam's old-world charm.

This fresh attitude is what is allowing the demolition of an office building owned by Amsterdam-Rotterdam Bank (Amro), the parent of Pierson, to make room for Pierson's new 12,000-15,000 sq metre headquarters. Adjacent to Pierson will be a 5,000-6,000 sq metre building that will provide a new home for the Amsterdam-based European Options Exchange.

Another factor in the city's unusually fast decision to permit the razing of an early 20th century building on a prime site may have been Amro's cancellation of plans to move its entire headquarters to Amsterdam's Sloterdijk district on the western flank of the city.



The new World Trade Centre which opened last autumn is a symbol of the city's reviving property market. Located on the southern outskirts, the centre is one of a number of new buildings in this fast-growing area.

top manager and treasury department into a new complex on the southeast outskirts next year. The domestic operations will remain in the bank's massive stone structure on the Herengracht, or gentlemen's canal, where many of Holland's most powerful banks loom.

The rapidly growing EOE also is likely to have pressured the city for approval of the new building on the Rokin after the Options Exchange was refused permission to absorb more space in its present building. The municipality rejected the EOE's urgent plea to expand in the architecturally revered Merchant's Exchange next to the Amsterdam Stock Exchange. Conservationists and history buffs have lobbied city hall to convert the 1903 Beringe building to a museum.

Zadelhoff notes that a similar example of the city's more favourable policy towards financial institutions is the nod for the Dutch Central Bank to build a tall tower atop its canal-side premises in the city centre. A lower institution would have failed to get the go-ahead, he observes wryly.

For the time being, plenty of new office space remains on the

market, especially in the southeast area. The Nieuw Amsterdam complex, a 30,000 square metre office project that opened last year, is only 7 per cent occupied and 20 per cent of the 72,000 square metre Atlas centre remains vacant.

Both complexes could be given a big boost, however, if Amsterdam succeeds in its bid to host the 1992 Summer Olympics. The Dutch Olympic organising committee is headquartered in the Nieuw Amsterdam building and a new Olympic stadium will be built nearby if Amsterdam wins the bidding for the Olympic Games on October 17.

By far the most ambitious project on the horizon is the Fl 1.53bn, 350,000 sq metre Teleport office park that is planned for the city's northwest periphery. The Teleport project, like its counterparts in London, New York and Osaka, promises the most modern telecommunications and sophisticated facilities available for companies involved in communications, automation and information.

A satellite dish coupled to Amsterdam's fibre-optic cable network will provide the infrastructure for video conferencing,

local and wide area networks, value added networks, original scrambling for confidentiality and high-speed digital data links. Computer-controlled "smart buildings" offer energy efficiency and security.

Construction of the Teleport's first building, which has been given the climby sobriquet of "Busstel," will begin in May. Some 80,000 sq metres of housing, 70,000 sq metres of other facilities such as light assembly and a 150-200 room hotel also are planned for the massive project, scheduled to be finished by the year 2000.

A host of government authorities and private concerns are backing the Teleport, with the City of Amsterdam taking a leading role. Other partners include the Dutch PTT telecommunications agency, the Economics Ministry and the Amsterdam Cable Television Company. The project developer is VOM Netherlands, a mixed venture capital company.

Delays are already plaguing the project, though. Bureaucratic tangle at the Dutch PTT has prevented the fixing of rental rates, which will incorporate fees for communications facilities and services. Most of these facilities and services will be opened to private competition by 1988 and the PTT is struggling to decide now how to position itself against the market.

Besides the Teleport hotel, four other new hotels are springing up to fill a shortage of beds. The total number of beds will be expanded by 5 per cent to 21,000 by next year with the completion of a Holiday Inn, Etap/Wagon Lits hotel, Swiss Tradition hotel and KLM Golden Tulip hotel.

Amsterdam's new hotel policy, recently announced, reflects the more dynamic planning policies emanating from city hall. The aims of fueling growth in neighbourhoods and attracting foreign guests will provide the main criteria for new hotels and expansion projects.

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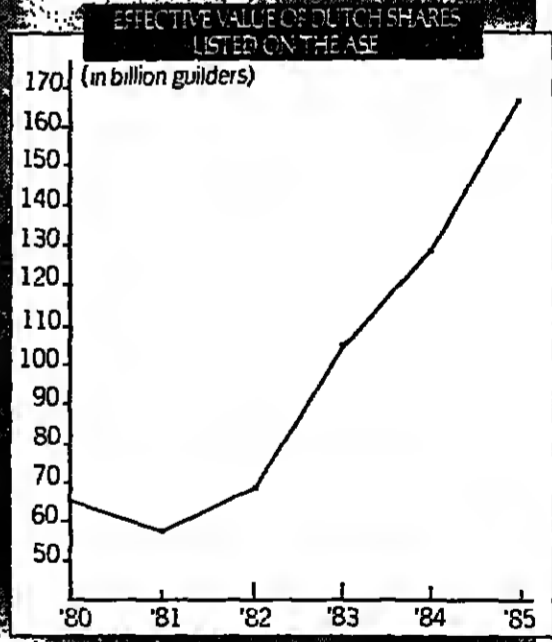
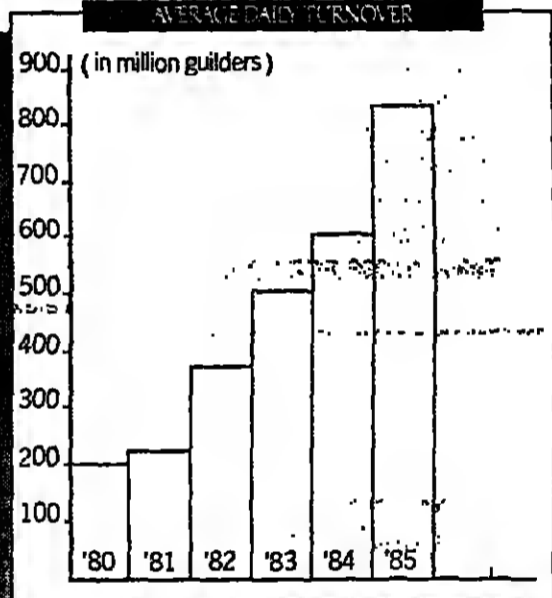
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Ambitious strategy to expand

Schiphol Airport

LAURA RAUN

AMSTERDAM'S SCHIPHOL airport has been named the best, most efficient, most convenient airport, so many times in recent years that it easily could ride on its laurels. But that's not happening.

Schiphol is charging ahead with an ambitious Fl 1.5bn (£400m) 10-year expansion and modernisation plan that is designed to prepare for a doubling of passengers and freight by the year 2000. As worldwide air traffic continues to grow, Schiphol aims to capture a bigger share by building on its established reputation for reliability and comfort.

The strategy lies in promoting Schiphol as an efficient link for transit passengers and cargo, a convenient entry for tourists and business travellers and a sophisticated distribution centre for merchandise goods.

Mr A. H. Huijterman, the airport's managing director for finance says: "There will develop over the long-term five or six very important gateways in the world. We aim to be one of those gateways."

Schiphol ranks fifth in passenger and fourth in cargo among European airports and is one of the fastest growing, causing no small worry for the London airports which also are engaged in major improvements. Because of the relatively small domestic market, Schiphol is Europe's most international airport and already serves as an important gateway to Europe because of the Netherlands' location and highly developed transport facilities. One-third of all passengers are in transit.

Like much of the Netherlands, the airport sits on peatland that was dredged up a century ago from a waterway and is still four metres below sea level. The Haarlem lake, south of Amsterdam, was filled with boats sailing to Haarlem, giving rise to the name Schiphol, or ship's hole. Begun as a military airport around 1916, Schiphol became Amsterdam's municipal airport a decade later. In 1958 it was shared out, with the Dutch Government taking a 76 per cent stake and the city of Rotterdam 2 per cent.

A limited liability company, Schiphol is financially self-supporting, receiving no subsidies for operations or losses and planning to finance much of the Fl 1.5bn investment programme internally. Operating profit amounted to Fl 31.5m last year, about the same level as in 1984. The airport is served by 64 airlines with connecting flights to 190 cities in 85 countries.

Passenger traffic rose by 8 per cent to 11.7m last year, but

growth is expected to slow to around 3½ per cent this year, mostly due to heavy cancellations by American tourists fearful of terrorism and robbed of the strong dollar. Mr Huijterman insists that the airport's security system compares favourably with others but that safety measures have been provided for the American airlines after the terrorist attacks on the Rome and Vienna airports last Christmas.

Freight traffic, which depends heavily on North Atlantic routes, fell a slight 0.5 per cent to 436,000 tonnes last year on the slowdown in the US economy and the weaker dollar. But it is expected to rebound about 3 per cent this year despite the decline in world trade.

Start-up

The number of aircraft movements rose 7 per cent last year, the first increase since 1979 when the second oil crisis slowed air traffic. The start-up of Netherlines, a new regional airline, fuelled much of the growth. Regional airlines and helicopter services to offshore oil and gas operations in the North Sea are expected to continue to expand in coming years.

The heavy modernisation plan, which is due to be finished about 1995, involves almost all aspects of the sprawling airport and is designed to exploit the airport's strategic role in trade and tourism. Schiphol was targeted several years ago as one of the Netherlands' most promising commercial activities

in the seminal Wagner Commission report, which outlined rapidly growing economic sectors for special Government attention. The investment programme, which began last year, involves the following:

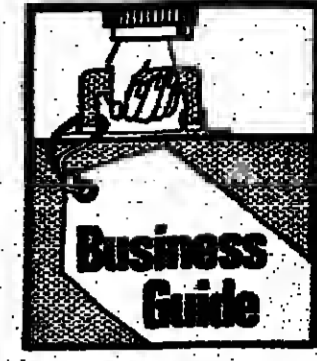
- Enlargement of the terminal building. Schiphol believes its 1,000 terminal concept "is a major advantage for transfer passengers, who arrive in the same terminal from which they eventually depart. The terminal will be refurbished and expanded to connect to one of two new piers.
- Demolition and reconstruction of the "C" pier to double the length and nearly double the aircraft capacity to 10 accommodations, with completion scheduled for next year.
- Construction of an entirely new "E" pier in the 1990s, with new aprons built sooper to provide more aircraft parking space.
- Introduction of a computerised baggage sorting system and construction of a new baggage basement, including special facilities for rush luggage.
- Widening of access roads and enlargement of the parking garage to cope with increasing auto traffic bringing passengers to the facility.
- Construction of several new freight sheds and a freight station. These will be used by many of the 400 companies located at the airport which use Schiphol as an entrepot for Europe, the Middle East and Africa. These companies take

advantage of the special Dutch system of bonded freight warehouses that can be built anywhere and offer a kind of free-trade zone. The warehouses are used to stockpile goods, free of import duties, until forwarding to the final destination.

Dr Ennoes Heerma, Amsterdam alderman in charge of economic affairs, recently explained to a municipal publication the importance of Schiphol's ambitious improvements. "With 30,000 employees, Schiphol is a bigger employer than the city itself. When you consider that it doesn't look so crazy to justify investments of Fl 1.5bn. Schiphol has a magnetic function for a lot of other commercial aspects of the city."

As one of the world's most modern and convenient airports, Schiphol has received a string of prizes over the years. Business Traveller and Executive Travel, British magazines for business travellers, both named Schiphol the best airport in the world last year. It was the fourth time that Schiphol has been commended by both.

Travel Check, the Belgian travel magazine, and the international airline passengers' association also cited the Dutch airport as the best in the world. Schiphol wants to keep things that way.



By LAURA RAUN

AMSTERDAM is a convenient city for the business traveller because of its compactness and efficient transit system. Moreover, most Dutch people speak English as well as French and German. A map is helpful, however, as the crescents of canals in the centre sometimes carve up the streets into a confusing maze.

The city offers a simple array of entertainment and cultural delights after the work is done. Here is a list of hints for getting around the city and some of the better-known accommodations and amusements.

Amsterdam's layout stems from its founding 700 years ago, with Dam Square as the centre and the canals ringing the centre in semicircles. Beyond the inner city a more modern grid takes over.

It is important to know that taxis can't be flagged on the street but are available only at the many stands and by calling on the telephone. The telephone number of the central taxi exchange is 77 77 and frequently there is a queue of callers. A tape recording tells how many callers are in line ahead of you, so wait until a live voice answers.

Trams and buses criss-cross the city in a dense grid. Tickets can be purchased from the conductor, at newsstands and at the central railway station.

Trains run to The Hague and Rotterdam every 15 minutes and tickets can be purchased on the train for travellers in a hurry.

Schiphol airport is 12 kilometres south of Amsterdam, 25 minutes by taxi. The fare is about Fl. 45 including tip. Trains run every 15 minutes.

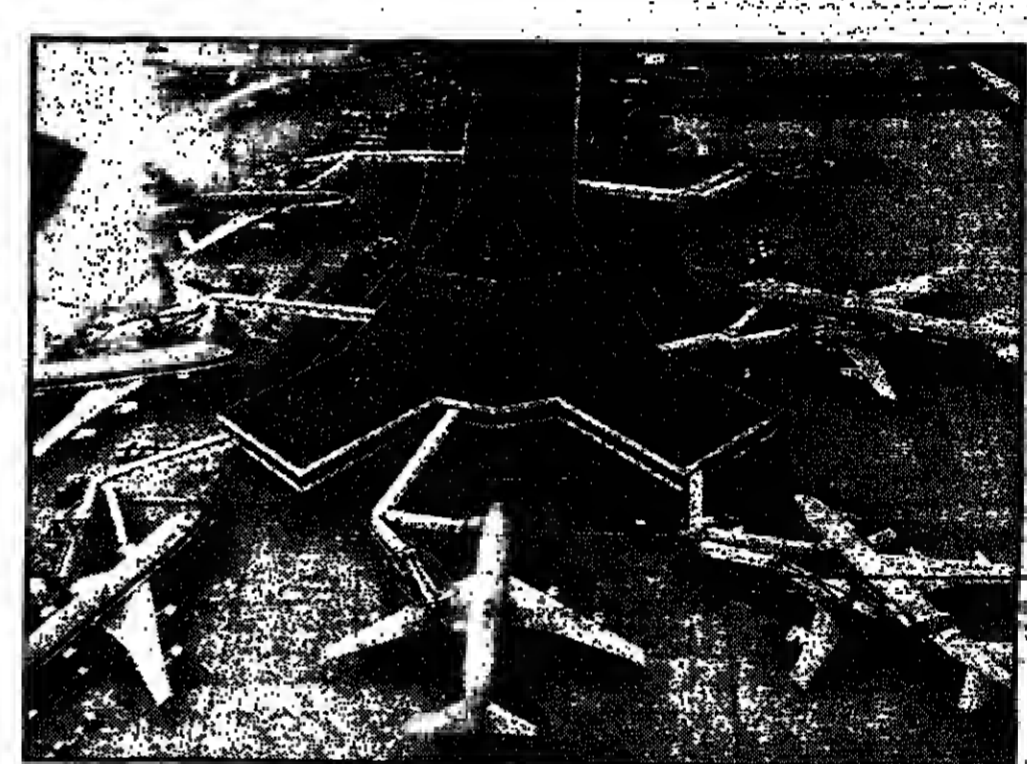
Hotels: For travellers with business in the city centre, four hotels are convenient.

Restaurants: Amsterdam restaurants excel at fresh fish and a variety of vegetables from greenhouses all year-round. Traditional Dutch fare is to be found in the quaint "brown cafes."

Museums: Of Amsterdam's 40 museums, here are some of the best-known.

Theatres include: Stadsschouwburg, Leidseplein 26, Tel 24 23 11.

Useful addresses for business visitors include: Central Bank, Westeinde 1, Tel: 524 9111.



One of Schiphol's arrival/departure piers. The airport is being developed to double its capacity by the year 2000.

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Clean-up helps the city

Tourism

LAURA RAUN

AMSTERDAM is Europe's fourth most popular capital city after London and Rome, cities that are several times larger. But persistence and typical Dutch thoroughness have moulded tourism into the second most important industry in the city after banking and finance, with annual turnover of Fl 1.5bn.

Amsterdam's old-world charm has helped, of course. The tree-lined canals, gracefully gabled houses and quaint bridges still evoke images of the golden 17th century when shipping merchants built Amsterdam into a world power. The 700-year-old city, alive with modestly proportioned buildings and lace-curtained windows, retains an appealing village atmosphere reminiscent of the master Dutch painters.

A multitude of museums and monuments plus the internationally renowned Concertgebouw orchestra and Dutch National Ballet attract visitors from all over the world.

The number of international tourists has grown more or less steadily since 1950, with dips after the oil crises of the 1970s. The slogan "Surprising Amsterdam" has been used continuously for 20 years to foster name familiarity, a consistent image and co-ordinated activities in the industry.

The plummeting dollar trimmed that number by about 2½ per cent last year, according to Mr Bob Luyken, managing director of the VVV tourist industry association's Amsterdam office. This year looks flat to perhaps slightly higher, Mr Luyken adds. He has worked in the VVV Amsterdam office for 25 years and takes a rather philosophical view of the figures. "Tourism always goes in waves," he notes.

Government's security alert for the Netherlands. The terrorism scare and weaker dollar together could cut the number of American tourists by as much as 15 per cent this year, he continues, although the fall is expected to be fully compensated by a rise in European tourists.

Amsterdam hoteliers, worried about the heavy cancellations, have contributed largely to an extra Fl 1.5m allocated for advertising campaigns in the US and Canada by the Dutch Tourist Board.

The VVV's efforts to promote tourism involve two initiatives to enhance the city's natural beauty and to improve promotion. Both dovetail with the energetic new policies emanating from city hall, aimed at reviving the economy and restoring Amsterdam's self-confidence.

Expectations Mayor Ed van Thijjo's co-ordinated campaign to clean up the city has removed some of the tarnish from the old-fashioned image that visitors still expect to find, according to Mr Luyken.

They come to see windmills, tulips, cheese and every girl cleaning the windows," he explains. "Those expectations are too high," but some things can be done.

The mayor's other efforts also have been welcomed: greater co-operation with the business community to fuel inner city growth, more neighbourhood police patrols to combat street crime and ridding the Zeedijk district near central station of heroin dealers.

Amsterdam also is bidding to host the 1992 summer Olympics, an initiative that would have been unthinkable until a couple of years ago. The Dutch city is competing against a half dozen other contenders, but considers itself a front-runner with Barcelona and Paris.

Improving promotion generally is the other concern of the VVV and a new mid-term policy plan for 1987-90 is in the offing. One aim is to draw more international conventions and "incentive" visitors, groups of employees who are given trips as sales incentives.

Conventioners and incentive visitors, who account for only about 5 per cent of all tourists, are an attractive target because they spend more money and stay longer than leisure travellers.

One promotional effort that has achieved some success is the "Amsterdam" campaign, which was launched two years ago to freshen up the city's image within the Netherlands.

Similar to the successful "I Love New York" campaign, Amsterdam businessmen and city hall joined forces to saturate the city with the logo "Amsterdam's got it" over the smiling face of a canal house. A recent public opinion survey among the Dutch showed that Amsterdam had risen to the fourth most desirable Dutch city to visit.

However, there is still much room for improvement. The survey also showed that one in three still had Amsterdam too dirty and dangerous to want to visit.

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INTL. APPOINTMENTS

Heinz Ruhnau stays on as Lufthansa chief executive

BY JONATHAN CARR IN BONN

MR HEINZ RUHNAU is to stay on as chief executive of Lufthansa, the West German airline, surviving a bout of turbulence which threatened to shake him out of the job.

International reshuffle at Amex bank

AMERICAN EXPRESS BANK (AEB) has announced changes to its international merchant banking operations.

Mr R. Paul Fukuda, who previously managed the bank's business in Japan, Hong Kong, Korea, will head its merchant banking group in Hong Kong.

Mr Salim M. Lalani, formerly with Bank of America International, London, has joined the London merchant banking group.

Mr Ramez K. Sarkis has been appointed general manager of the National Bank of Kuwait.

Nokia sets up new board

BY OLLI VIRTANEN IN HELSINKI

NOKIA, the Finnish multi-branch company with interests in electronics, paper and rubber industries, has reshuffled its organisation by introducing the new body of supervisory board.

Kidder Peabody technology move

KIDDER PEABODY, the New York investment bank, has set up a group with a staff of 30 to handle mergers and acquisitions, and corporate finance in the high technology field.

MOSELEY, Halgarten, Estabrook and Wenden Holding Corporation, the New York financial services group, has appointed Mr James W. Wolf.

Mitsubishi Banking US chief

By Our Financial Staff MITSUBISHI TRUST and Banking, Japan's largest trust bank, has appointed Mr Michihiko Sekiya as chairman and president of Mitsubishi Trust (USA).

Mr Sekiya, currently general manager of the bank's existing New York branch, has been with Mitsubishi Trust for 27 years and has held positions in London and Hong Kong.

CME elects operating head

Mr Michael J. Apatoff, special assistant to the US House of Representatives' majority whip, is to be executive vice president and chief operating officer of the Chicago Mercantile Exchange (CME).

Credit Agricole post

Credit Agricole has appointed Mr Rainer Glott, 51, senior vice-president and general manager of the subsidiary in Frankfurt to open in Frankfurt in October.

US Steel unit move

MR BROCK ROWLEY, 53, has been appointed president of the American Bridge division of US Steel, in succession to Mr Edward L. Smith.

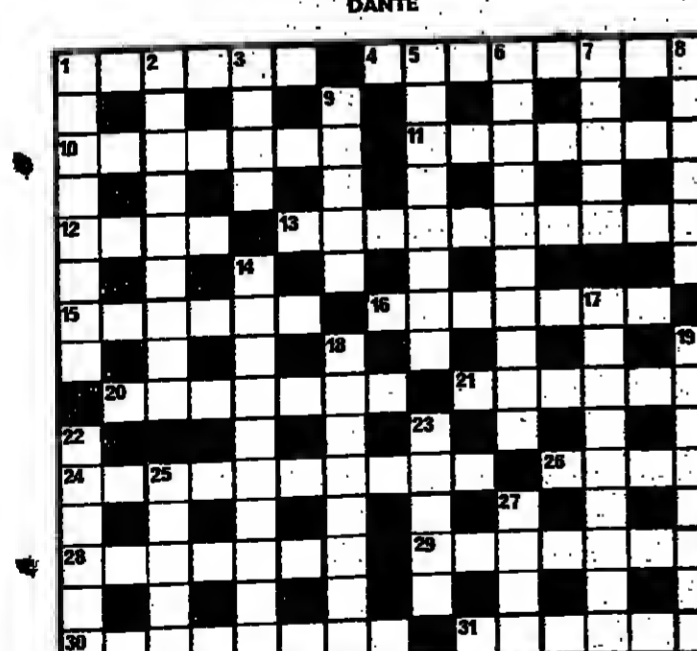
AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their managers, including details like name, address, and contact information.

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FT CROSSWORD PUZZLE No. 5996



- ACROSS: 1 Frightened friend? (6) 2 School bill goes up (4) 3 A boathouse for Protestants (8) 4 Red Indian organisation of oomchmen (8) 5 No cause for rejoicing when standards are as low as this (2, 4, 4) 6 West Indian going round (8) 7 Chesire town (5) 8 Name that's evenly distributed for girls or boys (6) 9 Risk involved with a novice playing the bagpipes (5) 10 View of spreadeagled stumps to a batsman? (8) 11 Runner allowed to take part in a different heat (7) 12 Miss out certain doctrines (4) 13 Picture-house (3, 7) 14 Turn to band with faint smiles (3, 3) 15 secondary teacher (7) 16 Fastened by a thread (7) 17 Equally an expansive person (3, 4) 18 Censorious writer (4, 6) 19 Bill turned in a murderer (8) 20 Given command (7) 21 It unites men for high positions (7) 22 Wild glen redeveloped for housing (8) 23 From which a goal may be headed in? (6) 24 Down: 1 Result of division not quite correct (8) 2 Yet someone has to pull the trigger (9)

- DOWN: 1 Result of division not quite correct (8) 2 Yet someone has to pull the trigger (9) 3 School bill goes up (4) 4 A boathouse for Protestants (8) 5 No cause for rejoicing when standards are as low as this (2, 4, 4) 6 West Indian going round (8) 7 Chesire town (5) 8 Name that's evenly distributed for girls or boys (6) 9 Risk involved with a novice playing the bagpipes (5) 10 View of spreadeagled stumps to a batsman? (8) 11 Runner allowed to take part in a different heat (7) 12 Miss out certain doctrines (4) 13 Picture-house (3, 7) 14 Turn to band with faint smiles (3, 3) 15 secondary teacher (7) 16 Fastened by a thread (7) 17 Equally an expansive person (3, 4) 18 Censorious writer (4, 6) 19 Bill turned in a murderer (8) 20 Given command (7) 21 It unites men for high positions (7) 22 Wild glen redeveloped for housing (8) 23 From which a goal may be headed in? (6) 24 Down: 1 Result of division not quite correct (8) 2 Yet someone has to pull the trigger (9)

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various insurance and unit trust products, including 'Sectel Funds Managed Ltd', 'Standard Life Trust Mgmt. Ltd', and 'Windsor Trust Mgmts Ltd'. Each entry includes a name, a reference number, and a list of sub-products with their respective values and changes.

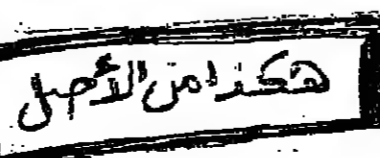
Table listing insurance and unit trust products, including 'Colonial Mutual Group', 'Allied Dunbar Assurance Plc', 'British National Life Assurance Co Ltd', and 'City of Edinburgh Life Assurance'. Each entry includes a name, a reference number, and a list of sub-products with their respective values and changes.

Table listing insurance and unit trust products, including 'Imperial Life Ass. Co of Canada', 'Imperial Life (UK) Ltd', 'Imperial Life Ass. Co of Canada', and 'Imperial Life Ass. Co of Canada'. Each entry includes a name, a reference number, and a list of sub-products with their respective values and changes.

Table listing insurance and unit trust products, including 'London Life-Continued', 'London Life-Continued', 'London Life-Continued', and 'London Life-Continued'. Each entry includes a name, a reference number, and a list of sub-products with their respective values and changes.

Table listing insurance and unit trust products, including 'Prudential Assurance Co', 'Prudential Assurance Co', 'Prudential Assurance Co', and 'Prudential Assurance Co'. Each entry includes a name, a reference number, and a list of sub-products with their respective values and changes.

INSURANCES
AA Friendly Society
Abbey Life Assurance Co Ltd
Abney Life Assurance Co Ltd



INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

Main table listing insurance, overseas, and money funds with columns for fund names, company names, and numerical values.

Table listing money market funds and bank accounts, including fund names, company names, and numerical values.

Notes and disclaimers regarding the data provided in the tables, including references to the London Stock Exchange Report Page.

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years'.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

INT. BANK AND DEAS

Table of international bank and deas funds.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH & AFRICAN FUNDS

Table of commonwealth and african funds.

LOANS

Table of loans.

Public Board and Ind.

Table of public board and industrial funds.

Financial

Table of financial funds.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails.

AMERICANS

Table of american funds.

AMERICANS - Cont.

Continuation of American funds table.

CANADIANS

Table of canadian funds.

BANKS, HP & LEASING

Table of banks, hp & leasing funds.

BEERS, WINES & SPIRITS

Table of beers, wines & spirits funds.

BUILDING, TIMBER, ROADS

Table of building, timber, roads funds.

DRAPERY AND STORES

Table of drapery and stores funds.

AMERICANS - Cont.

Continuation of American funds table.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of building, timber, roads shares.

CHEMICALS, PLASTICS

Table of chemicals, plastics shares.

DRAPERY & STORES - Cont.

Continuation of drapery & stores shares table.

ELECTRICALS

Table of electrical shares.

ENGINEERING - Continued

Continuation of engineering shares table.

AMERICANS - Cont.

Continuation of American funds table.

ENGINEERING - Continued

Continuation of engineering shares table.

HOTELS AND CATERERS

Table of hotels and caterers shares.

INDUSTRIALS (Miscellaneous)

Table of miscellaneous industrial shares.

AMERICANS - Cont.

Continuation of American funds table.

ENGINEERING - Continued

Continuation of engineering shares table.

HOTELS AND CATERERS

Table of hotels and caterers shares.

INDUSTRIALS (Miscellaneous)

Table of miscellaneous industrial shares.

AMERICANS - Cont.

Continuation of American funds table.

INDUSTRIALS - Continued

Continuation of industrial shares table.

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Handwritten scribbles and text at the top center of the page.

INDUSTRIALS—Continued

Table of Industrial stocks including companies like Shell, BP, and various international firms, with columns for Price, Last, Bid, Offer, and Volume.

LEISURE—Continued

Table of Leisure stocks including companies like British Airways, Virgin Atlantic, and other travel-related firms.

PROPERTY—Continued

Table of Property stocks including companies like British Land, National Westminster, and other real estate firms.

INVESTMENT TRUSTS—Cont.

Table of Investment Trusts including various funds and trusts such as British American Investment Trust.

FINANCE, LAND—Cont.

Table of Finance and Land stocks including companies like City of London, City of London Finance, and other financial institutions.

MINES—Continued

Table of Mines stocks including companies like Anglo American, De Beers, and other mining firms.

INSURANCE

Table of Insurance stocks including companies like British American Insurance, London & Lancashire, and others.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers including companies like News International, Newsprint, and others.

SHOES AND LEATHER

Table of Shoes and Leather stocks including companies like Fry's, Galt, and others.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, De Beers, and others.

OVERSEAS TRADERS

Table of Overseas Traders including companies like Anglo Siam, Anglo Dutch, and others.

PLANTATIONS

Table of Plantations stocks including companies like Anglo Siam, Anglo Dutch, and others.

NOTES section providing detailed information and commentary on various market events and stock performance.

REGIONAL & IRISH STOCKS section listing stocks from various regions and Ireland.

MISCELLANEOUS section containing various financial news items and market updates.

Company Notices

KLEINWORT, BENSON, LONSDALE LIMITED US\$25,000,000 8 1/4% BONDS 1987

Notice is hereby given that, in accordance with the Conditions of the Bonds, 1,000 Bonds each of \$1,000 principal amount have been drawn for repayment at their principal amount on the 15th May 1986 in full settlement of the amount of the sinking fund due 15th May 1986, the balance having been purchased for cancellation. From that date, interest on the Bonds so drawn will cease to accrue. Where denture numbers are so indicated.

1	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050
1	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050

AUTOMOBILES PEUGEOT

French Société Anonyme
Capital French Franc 1,000,000,000
Head Office:
75, Avenue de la Grande Armée
Paris 16ème
Commercial Register:
Paris 8 852 146 303

SOCIETE GENERALE ALSACIENNE DE BANQUE SOGENAL

French Société Anonyme
Capital French Franc 218,300,000
Head Office:
8, rue du Dôme - 97000 STRASBOURG
Commercial Register:
Strasbourg B 549 501 314

SECONDO NOTICE TO HOLDERS OF
NOTES IN ISSUE 1985-1990
OF FRANCH FRANCS 5,000

SECONDO NOTICE TO HOLDERS OF
FLOATING RATE NOTES 1985-1990
OF US\$16,500

Legal Notices

COMPANIES ACT 1985
IN THE MATTER OF
UNITED RAILWAYS OF THE HAVANA
AND REGIA WAREHOUSES LIMITED
(In Voluntary Liquidation)
Registered
17 Southampton Place,
London WC1A 2EH

No. 0080 of 1986
IN THE HIGH COURT OF JUSTICE
Chancery Division
NOTICE IS HEREBY GIVEN THAT a
Petition was on the 8th March 1986
presented to Her Majesty's High Court
of Justice for:
(a) the sanctioning of a Scheme of
Arrangement and
(b) the confirmation of the reduction
of the capital of the above-named
Company from
£275,000 to the sum of £150,000 in
accordance with the terms of the
said Scheme of Arrangement.

A copy of the said Petition will be
furnished to any such person presenting
the same by the undersigned Solicitor
named below at the time of hearing
in person or by Counsel for that
purpose.

A copy of the said Petition will be
furnished to any such person presenting
the same by the undersigned Solicitor
named below at the time of hearing
in person or by Counsel for that
purpose.

Dated the 12th day of April 1986.
ROSE BUTTRESS &
ROCHE
Solicitors for the said Company.

Contracts and Tenders

REPUBLIC OF SEYCHELLES Greater Victoria Sewerage Project Call for International Tenders

- EMPLOYER
Ministry of Planning and External Relations
National House - PO Box 855
Victoria - Mahé
Telephone: 24041 Telex: 2280 MINAE SZ
- Contract B
Pumping Stations and Pressure Pipes
- Construction of five pumping stations
- Rehabilitation of 3 existing pumping stations
- Laying of ductile iron pipes and fittings supplied by the Employer.
- TIME FOR COMPLETION
- 12 months total (4 stand-by)
- CONSULTING ENGINEERS
- Societe Genérale d'Etudes et d'Applications Hydrauliques (SOGREAH)
- National Consultancy Services (NCS)
- Investment House - PO Box 31
- Most Frout
- Victoria - Mahé
Telephone: 21255/F Telex: 2316 SZ
Important: Tenderers requiring additional information should contact the National Consultancy Services (NCS) at the above address.
- PURCHASE OF TENDER DOCUMENTS
The tender documents in English may be obtained on payment of:
- 2000 FR in NCS (plus postage)
- 2000 FF to SOGREAH (plus postage)
Method of payment will be by bank draft enclosed with the application and made out to NCS or SOGREAH or by telex transfer to:
- NCS Bank Account No. 529
- Habib Bank Ltd./PO Box 702/Victoria
or - SOGREAH Bank Account No. 31489 0010 00083 433 429 02
- INDOSUEZ/15, boulevard Edouard-Roy/98000 GRENOBLE
- LIMIT DATE FOR SUBMITTING TENDER
30th June 1986.
- VALIDITY OF TENDER
Tender shall be irrevocable for a period of 120 days from the latest date fixed for receiving tenders.

Personal

WINDLEDON DEBENTURE 1986 for
note Tel: 51-530 7121.

Clubs

EVER has pulled the others because of a
few of their very and more for
Summer from 10.30 am. Drags and
play in the grounds of the
Clubhouse. 1986. Report to: Tel. 51-534
0274.

Art Galleries

MALL GALLERIES, The Mall, London
SW1 (N. Admiralty Arch) Daily to
Sat 10am-6pm. Tel: 734 0300

ART OF THE CENTURY
FROM THE COLLEGE MUSEUM OF
ART, 17-19 Ave. d'Alsace, 75008 Paris.
Tel: 01-47 67 50 00

REGINA GALLERY, 17-19 Ave. d'Alsace,
Paris. Tel: 01-47 67 50 00

First one-day exhibition, until 25 April.

THE SYRIAN ARAB REPUBLIC

Ministry of Irrigation
G.O.E.D.B., RAQQA
No. 432/A
Date: 27/03/1986

FOREIGN CALL FOR TENDERS FOR THE SECOND TIME

Buyer: The General Organization for the Exploration and Development of the Euphrates Basin (GOEBE), RAQQA, AL-DERI, IA'

Requirements: Seventeen (17) Crawler Tractors for Horticulture with the following supplements per each tractor:
- Rotary cultivator
- Plough
- Disc plough
- Sprayer

The technical specification and the special delivery terms attached to this call for tender can be obtained from the headquarters of (GOEBE) in RAQQA or from any of Damascus or Aleppo offices.

Delivery period: Shortest possible.
Bid bond: 5 per cent from the offer value to be submitted by bank guarantee issued through any branch of the C.B.S. and to be attached to the offer.

Final Deposits: 10 per cent from the contract price to be paid for all the duration period of the contract.

Offer should be placed in three envelopes:
a) for bid Bond supporting documents concerning the offerer and tender.
b) for technical details supported by catalogues and technical bulletins.
c) for financial details. Then all in main envelopes stamped by the stamp of the offerer and featuring the subject of the tender.

Offers should be submitted to the headquarters of the organization in DERI, IA', RAQQA or to any of its ending at the end of the official working hours on 22/05/1986, after which the offer should stand firm for 60 days.

The offer should abide with the rules of the contracts issued by legislative decree No. 195 for the year 1974.

Any offer coming after the A/M date will be ignored.

Director General
DR. ENGB. ABDO KASEM
GOEBE, RAQQA, SYR.

Personal

THE SURGICAL RESEARCH FUND
WOULD YOU WANT SURGERY WITHOUT RESEARCH?
Surgical Research Fund hand in
operation, with all modern medical
equipment and staff, in order to
qualify for free or reduced cost
and care for major diseases.

But our Surgical Research Fund
operation, with all modern medical
equipment and staff, in order to
qualify for free or reduced cost
and care for major diseases.

THE SURGICAL RESEARCH FUND
100-108 Clerkenwell Road
London EC1M 6ES
Tel: 01-251 3331 Telex: 23700 FNBI G

NEW TRENDS IN TRADE FINANCE

Trade Finance techniques are responding to rising demand for trade credit with more flexibly tailored instruments and products - a round-up of the latest innovations.

Schemes to provide guarantee payment and credit:
(1) Forfeiting (2) Factoring
(3) Export Credit (4) Private Sector

Schemes to provide risk protection:
(1) Credit Insurance (2) Exchange Risk
(3) Public Sector (4) Customised options
(5) Forex and Interest rate guarantees

Schemes to off-set exchange control difficulties:
(1) Countertrade (2) Mixed Credit

The Banker in its May issue will be publishing a major report on the Trade Finance industry. Banks and Financial Institutions wishing to demonstrate their commitment to this important international commercial banking by advertising in this report should contact:
The Marketing Director
The Banker
100-108 Clerkenwell Road
London EC1M 6ES
Tel: 01-251 3331 Telex: 23700 FNBI G

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New York: The Financial Times Ltd, 100 Street, New York, NY 10038. Telephone: 212 850 1200.

Frankfurt: The Financial Times Ltd, Postfach 11 15, D-6000 Frankfurt am Main. Telephone: 069 212 2121.

International & British Editorial, Advertising, Circulation & Subscription Offices: See separate notices.

COMMERZBANK

ARTIENGESellschaft

The Annual General Meeting of Commerzbank A.G. will be held in Frankfurt on 23rd May 1986.

Agenda for the Meeting:
1. To present — The Annual Statement of Accounts and Annual Report of the Board of Management.
— The Annual Report of the Supervisory Board, and
— The Consolidated Annual Accounts and Annual Report, all for 1985.
2. To approve the payment of a dividend of DM. 8.00 per DM. 50 nominal amount of share in 1986.
3. To approve the actions of the Board of Management for 1985.
4. To approve the actions of the Supervisory Board for 1985.
5. To elect two members of the Supervisory Board.
6. To appoint the Auditors for 1986.

United Kingdom shareholders who wish to attend and vote at the Annual General Meeting should inform Commerzbank A.G., London Branch, 101/111 South Finsbury, London EC2A 4PU, or S. G. Warburg & Co. Ltd., 25 Abchurch Lane, London EC4N 3DF, either of whom will make the necessary arrangements on their behalf.

Dates of the Company's Annual Report for 1985 in German will be available shortly from Commerzbank A.G. and S. G. Warburg & Co. Ltd. The report in English is in course of preparation.

14th April 1986.
COMMERZBANK ARTIENGESellschaft

PARINTEUR BOND FUND S.A.

10 A Boulevard Royal
Luxembourg

NOTICE TO SHAREHOLDERS

Extract of the minutes of the meeting of the Board of Directors held on Thursday 6th April 1986 in Luxembourg.

Resolution: postponement of the Annual General Meeting of shareholders. The Board of Directors decided unanimously to defer the Annual General Meeting to be held on Tuesday 19th April 1986, at 12.00 hours.

J. Piaron
Secretary

CAISSE NATIONALE DES TELECOMMUNICATIONS

Floating Rate Notes Issue of US\$ 300,000,000 1985-2000

For the period of 1 month, from April 14 to May 14 1986 (30 days), the Notes will bear interest rate of 7 1/2% per cent per annum.

The payable interest due May 14 1986 for each nominal \$5,000 of US\$10,000 will be US\$58.85.

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of the Company will be held on Wednesday 14th April 1986 at 10.00 hours at the Headquarters of the Board of Directors and the Accounts for the year ended 31st December 1985, and the Report of the Auditors.

NOTICE IS HEREBY GIVEN THAT the Company is authorized to issue Floating Rate Notes of US\$300,000,000 1985-2000.

NOTICE IS HEREBY GIVEN THAT the interest rate on the Floating Rate Notes will be 7 1/2% per annum. The interest rate on the Floating Rate Notes will be 7 1/2% per annum.

ORION ROYAL BANK LTD.

NOVA SCOTIA POWER CORPORATION

9 1/2% Sinking Fund Debentures 1989

The Bank of Nova Scotia Trust Company Channel Islands Limited as Fiscal Agent announces that the entire redemption instalment of US\$3,000,000 due 15th May, 1986, was met by purchase in the market.

Queen's House
13-15 Don Road, St Helier
Jersey, Channel Islands

USD 300,000,000 CAISSE NATIONALE DES TELECOMMUNICATIONS

Floating Rate Notes due 2000

AMENDMENT

Due to the fact that the notice being the new interest period was published with a delay of two business days, the interest period beginning April 14th, 1986 will be of two months.

The Fiscal Agent
Banque Nationale de Paris
(Luxembourg) S.A.

STRATHCLYDE REGIONAL COUNCIL WATER DEPARTMENT

INSTALLATION OF LABORATORY DATA MANAGEMENT SYSTEM

It is proposed to invite tenders from experienced contractors for the supply, delivery, installation and commissioning of a computer based Laboratory Data Management System for Strathclyde Regional Council Water Department.

The system will be installed at the Water Department premises in Balmore Road, Glasgow, and will be based on a mini computer, which must be capable of supporting up to sixty workstations.

Tenderers should offer for all of the system and on receipt of proposals based on an Initial Specification, the Council will select a short list of contractors. Those companies on the short list will then be invited to enter discussions with the Council and thereafter to submit a detailed tender. The Initial Specification can be obtained from the Director of Water, Strathclyde Regional Council, 419 Balmore Road, Glasgow G2 6NU.

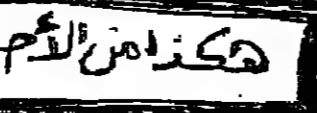
All requests for clarification of requirements should be sent to the above address. Telephone enquiries should be addressed to Mr. A. Britton, Water Department, 041-336 5333.

The final date for receipt of request to participate will be Friday, 25th April, 1986.

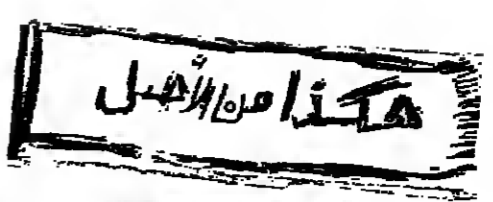
Detailed tender documents will be sent to all contractors on the short list.

(Notice of this contract was despatched to the Official Journal of the European Communities on 2 April 1986.)

W. T. DEVENAY
Director of Water



WORLD STOCK MARKETS



AUSTRIA 1986 High Low Apr. 11 Price 2m

GERMANY 1986 High Low Apr. 11 Price 2m

AUSTRALIA 1986 High Low Apr. 11 Price 2m

JAPAN 1986 High Low Apr. 11 Price 2m

CANADA 1986 High Low Apr. 11 Price 2m

TORONTO Closing prices April 11

MONTREAL Closing prices April 11

DENMARK 1986 High Low Apr. 11 Price 2m

NORWAY 1986 High Low Apr. 11 Price 2m

ITALY 1986 High Low Apr. 11 Price 2m

NETHERLANDS 1986 High Low Apr. 11 Price 2m

OVER-THE-COUNTER

Continued from Page 43

NEW YORK INDICES

FRANCE 1986 High Low Apr. 11 Price 2m

SWEDEN 1986 High Low Apr. 11 Price 2m

HONG KONG 1986 High Low Apr. 11 Price 2m

SINGAPORE 1986 High Low Apr. 11 Price 2m

SPAIN 1986 High Low Apr. 11 Price 2m

NEW INTERNATIONAL BOND ISSUES

SWITZERLAND 1986 High Low Apr. 11 Price 2m

SOUTH AFRICA 1986 High Low Apr. 11 Price 2m

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

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NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

NEW YORK INDICES (continued)

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, April 11

Main table of stock closing prices with columns for stock name, price, and change. Includes sub-sections for 12 Month, 1000 High, and 1000 Low.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Continued from Page 42

Stock	High	Low	Open	Close	Change
IBM	125.00	124.00	124.50	124.50	+0.50
AT&T	48.00	47.50	47.75	47.75	+0.25
GE	35.00	34.50	34.75	34.75	+0.25
Westinghouse	28.00	27.50	27.75	27.75	+0.25
General Electric	35.00	34.50	34.75	34.75	+0.25
IBM	125.00	124.00	124.50	124.50	+0.50
AT&T	48.00	47.50	47.75	47.75	+0.25
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Westinghouse	28.00	27.50	27.75	27.75	+0.25
General Electric	35.00	34.50	34.75	34.75	+0.25

OVER-THE-COUNTER Nasdaq national market, prices, April 11

Stock	High	Low	Open	Close	Change
IBM	125.00	124.00	124.50	124.50	+0.50
AT&T	48.00	47.50	47.75	47.75	+0.25
GE	35.00	34.50	34.75	34.75	+0.25
Westinghouse	28.00	27.50	27.75	27.75	+0.25
General Electric	35.00	34.50	34.75	34.75	+0.25

UK COMPANY NEWS IN-DEPTH REPORTING DAILY IN THE FT.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Firmer yen seems inevitable

By COLIN MILLHAM

West Germany and Japan have two of the world's strongest currencies, but are dealing with the problems this creates in rather different ways. From the point of view of a public relations exercise...

£ IN NEW YORK

Table showing exchange rates for the Pound in New York, including closing and previous close prices for various terms like 6 spot, 1 month, 3 months, and 12 months.

In the value of the yen, and in its role in the Bank of Japan's discount rate to stimulate the domestic economy. An economic package was announced last week, involving increased spending on public works, and alterations to some interest rate regulations...

As a large importer of oil Japan will be a major beneficiary from the sharp fall in world oil prices, a fact which has not yet been fully reflected in exchange rate movements. The yen is about the same level against sterling as in late February last year, when oil prices were around \$20 a barrel, compared with the present level of \$13.50.

A summit meeting of the leading seven industrial nations takes place in Tokyo in May, when the Japanese Government will not want to be the subject of concerted criticism from other countries. Against this background the present level of the dollar seems too high at 178, and the Bank of Japan may find it the lesser of several unpalatable options to allow the US currency to fall to a new record low under ¥175.

However much the authorities in Tokyo may resist, there seems no alternative to a further rise in the value of the yen, and in its role in the Bank of Japan's discount rate to stimulate the domestic economy. An economic package was announced last week, involving increased spending on public works, and alterations to some interest rate regulations...

CURRENCY RATES

Table of currency rates for various countries including Sterling, US Dollar, Canadian Dollar, Australian Dollar, etc., with columns for Bank rate, Social Drawings, and European Currency Unit.

CURRENCYMOVEMENTS OTHER CURRENCIES

Table showing currency movements for other currencies like Argentina, Brazil, Canada, etc., with columns for Bank of England, Morgan's, and April 11 rates.

LIFE LONG CALL FUTURES OPTIONS

Table of life long call futures options for various currencies, including Strike, Call, and Put prices for different months.

LIFE US TREASURY BOND FUTURES OPTIONS

Table of life US treasury bond futures options, including Strike, Call, and Put prices for different months.

LIFE EURO-DOLLAR OPTIONS

Table of life Euro-dollar options, including Strike, Call, and Put prices for different months.

PHILADELPHIA SE 75 OPTIONS

Table of Philadelphia SE 75 options, including Strike, Call, and Put prices for different months.

CURRENCY FUTURES

Table of currency futures for various currencies, including Pound, Swiss Franc, etc., with columns for 1 month, 3 months, 6 months, and 12 months.

EXCHANGE CROSS RATES

Table of exchange cross rates for various currencies, including DM, Yen, Sfr, etc., with columns for 1 month, 3 months, 6 months, and 12 months.

FORWARD RATES AGAINST STERLING

Table of forward rates against sterling for various currencies, including DM, Yen, Sfr, etc., with columns for 1 month, 3 months, 6 months, and 12 months.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various currencies, including DM, Yen, Sfr, etc., with columns for 1 month, 3 months, 6 months, and 12 months.

LONDON

Table of London market data, including 20-year 12% notional gilt, 10% notional short gilt, and 100% notional short gilt.

CHICAGO

Table of Chicago market data, including US treasury bills, US treasury bonds, and US treasury notes.

NOTICE OF REDEMPTION

To the Holders of General Mills, Inc. U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1991...

Table of outstanding notes of \$5,000 each bearing the following distinctive numbers: 14 411, 14 412, 14 413, etc.

OUTSTANDING NOTES OF \$10,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

Table of outstanding notes of \$10,000 each bearing the following distinctive numbers: 14 343, 14 344, 14 345, etc.

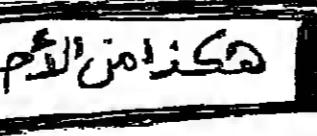
Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after May 15, 1986 upon presentation and surrender of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, failing which, the amount of missing unattached interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes against surrender of the related missing interest coupons within the period of time prescribed by the applicable statute of limitations, at the main offices of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of Amsterdam Rotterdam Bank N.V. in Amsterdam, the main office of Swiss Bank Corporation in Basel and the main office of Kredietbank S.A. in Luxembourg. Payments at said offices will be made by a United States dollar check drawn on a bank located in The City of New York, or by transfer to a dollar account maintained by the payee with a bank in London. No payment on any Bearer Note will be made at the Corporate Trust Office of the Fiscal Agent or any other Paying Agency maintained by the Company in the United States nor, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States.

From and after May 15, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. \$35,800,000 principal amount of Notes will remain outstanding after the redemption.

Any payments made to an address in the United States, directly or by electronic transfer, may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide a Paying Agency with an executed IRS Form W-8 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons. Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide to a Paying Agency listed above, and certify under penalties of perjury, a correct taxpayer identification number (employer identification number or social security number, as appropriate), or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50 imposed by the IRS. Please therefore provide the appropriate certification when presenting your securities for payment.

DATED: April 14, 1986

GENERAL MILLS, INC.



DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table of dollar spot-forward rates against the dollar for various currencies, including UK, Canada, etc., with columns for 1 month, 3 months, 6 months, and 12 months.

POUND SPOT-FORWARD AGAINST POUND

Table of pound spot-forward rates against the pound for various currencies, including US, etc., with columns for 1 month, 3 months, 6 months, and 12 months.

MONEY MARKETS

Bank resists further cuts

Clearing bank base rates were cut by 1/8 per cent to 11 per cent last Tuesday, but by the end of the week this seemed to be a matter of history, as the London money market and the Bank of England squared up for a test of nerves around the timing of the next cut. The average rate of discount at Friday's Treasury bill tender was around 9 1/2 per cent, pointing to a further reduction of at least 1/8 per cent to 10 1/2 per cent in base rates, although many dealers felt that this week could see base rates as low as 10 per cent.

NEW YORK RATES

Table of New York rates for various currencies, including Prime rate, Broker loan rate, Fed funds rate, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in world interest rates for various currencies, including London, New York, Frankfurt, etc.

BANK OF ENGLAND TREASURY BILL TENDER

Table of Bank of England Treasury Bill tender results, including Total offer, Total accepted, etc.

LONDON INTERBANK FIXING

Table of London interbank fixing rates for various currencies, including 3 month US dollars, 6 month US dollars, etc.

LONDON MONEY RATES

Table of London money rates for various currencies, including 1 month, 3 months, 6 months, 12 months.

MONEY RATES

Table of money rates for various currencies, including Frankfurt, Paris, Amsterdam, etc.

FT LONDON INTERBANK FIXING

Table of FT London interbank fixing rates for various currencies, including 3 month US dollars, 6 month US dollars, etc.

LONDON MONEY RATES

Table of London money rates for various currencies, including 1 month, 3 months, 6 months, 12 months.

MONEY RATES

Table of money rates for various currencies, including Frankfurt, Paris, Amsterdam, etc.

GENERAL MILLS, INC.

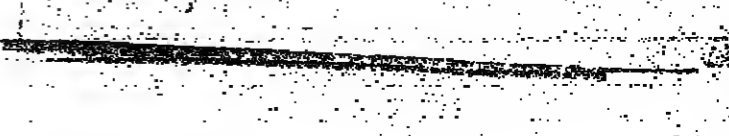
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DATED: April 14, 1986

GENERAL MILLS, INC.



April 14 1988

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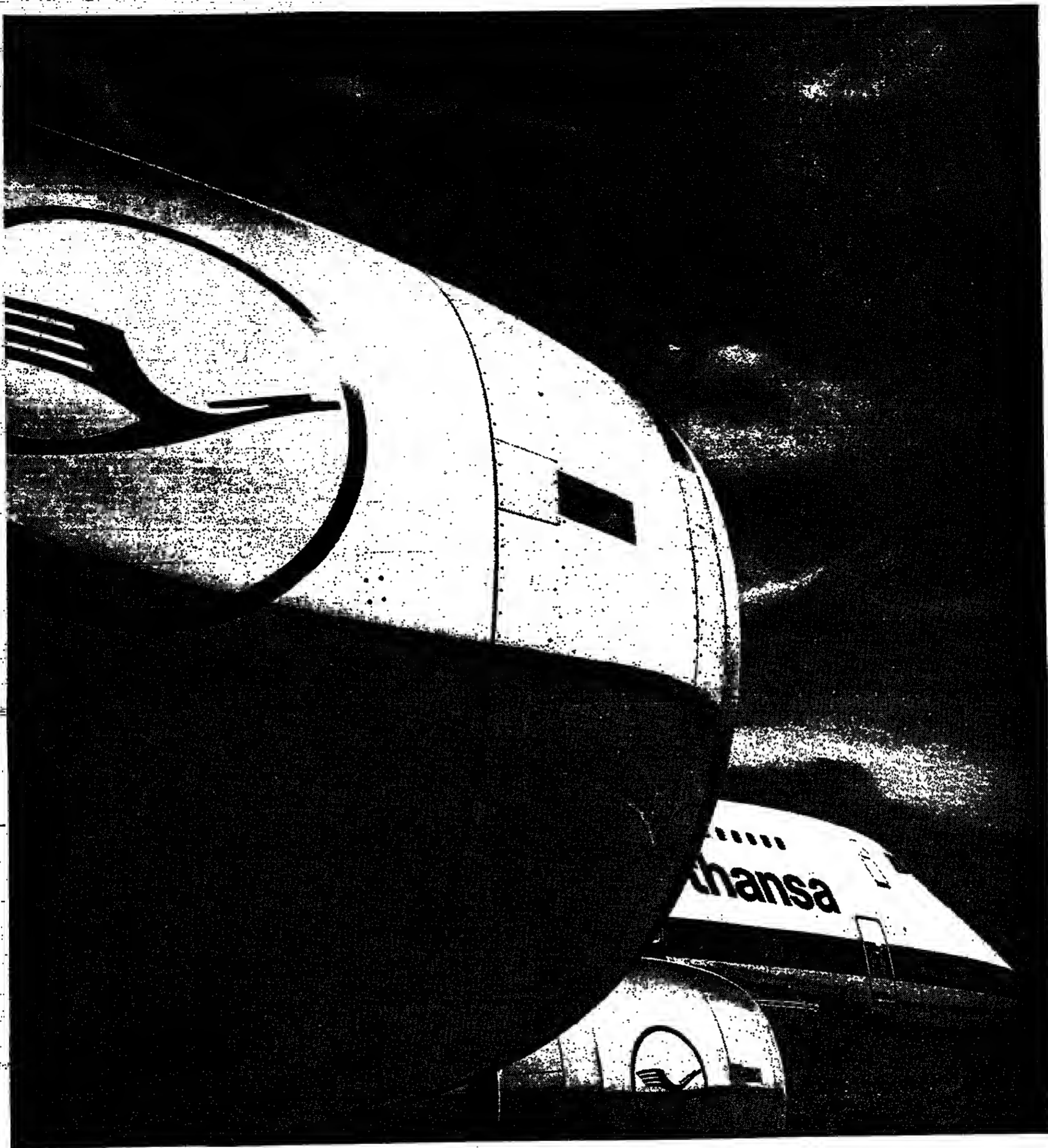
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Edison
N.A.

Every status has its symbol.



 **Lufthansa**